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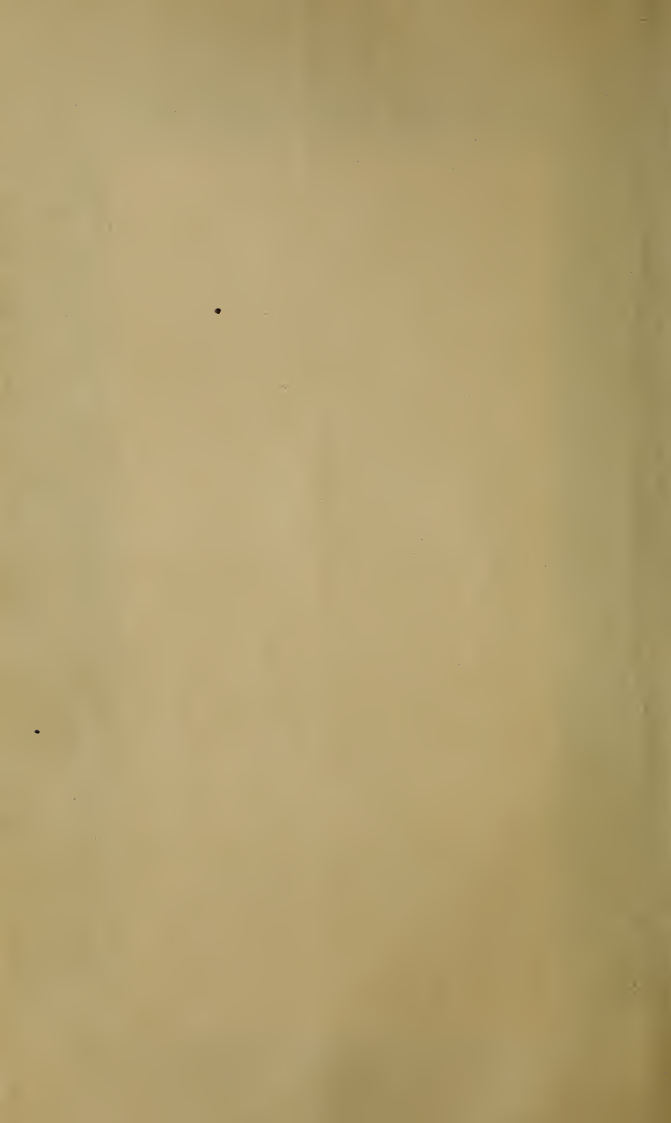
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FIRST REPORT OF THE COUNCIL  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

*Incorporated on the First of August, 1873,  
by License of the Board of Trade.*

---

SUBMITTED TO THE GENERAL COURT OF MEMBERS  
OF THE CORPORATION,  
CONVENED FOR WEDNESDAY,  
THE 25TH OF FEBRUARY, 1874, AT THE  
COUNCILHOUSE, 10, MOORGATE STREET,  
IN THE CITY OF LONDON.

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LONDON:  
COUNCILHOUSE, No. 10, MOORGATE STREET,  
17TH FEBRUARY, 1874.

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## THE CORPORATION OF FOREIGN BONDHOLDERS.

*Incorporated by Licence of the Board of Trade*  
1st August, 1873.

NOTICE IS HEREBY GIVEN, that the FIRST ORDINARY GENERAL COURT of the CORPORATION of FOREIGN BONDHOLDERS will be held at the COUNCILHOUSE, No. 10, MOORGATE STREET, in the City of London, on WEDNESDAY, the 25th day of FEBRUARY, 1874, at Two o'clock in the afternoon:—

To consider the Report of the proceedings of the Council; the Rules and Regulations; the Statement of Accounts made up to the 31st December, 1873; to elect Auditors for the ensuing year, and to transact all such other business as may be transacted at Ordinary Meetings of the Corporation, and to pass Resolutions thereon.

By Order of the Council,

HYDE CLARKE,

*Secretary.*

COUNCILHOUSE,

10, MOORGATE STREET, E.C.,

17th February, 1874.

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# MEMBERS OF THE COUNCIL

---

ISIDORE GERSTENBERG, Esq., *Chairman.*

THOMAS MATTHIAS WEGUELIN, Esq., M.P. } *Deputy*  
SIR JOHN LUBBOCK, BART., M.P., F.R.S. } *Chairmen.*

GENERAL SIR GEORGE BAL-  
FOUR, K.C.B., M.P.

GENERAL R. H. I. B. BEAU-  
MONT.

FRANCIS BENNOCH, Esq.

GEORGE AUGUSTUS FREDERICK  
CAVENDISH BENTINCK, Esq.,  
M.P.

LIONEL N. BONAR, Esq.

JOHN HENRY DANIELL, Esq.

ROGER EYKYN, Esq.

R. N. FOWLER, Esq.

FREDERICK ALERS HANKEY,  
Esq.

GROSVENOR HODGKINSON, Esq.

THE HON. ARTHUR KINNAIRD,  
M.P.

ALEXANDER VISCOUNT KIRK-  
ALDIE.

SIR FRANCIS LYCETT.

CHARLES MAGNIAC, Esq.

ROBERT MARTIN, Esq.

THE HON. HUGH McCUL-  
LOCH.

SAMUEL MONTAGU, Esq.

JOHN PATERSON, Esq., AL-  
DERMAN.

SIMON REUTER, Esq.

SIR JOHN ROSE, BART.,  
K.C.M.G.

PHILIP ROSE, Esq.

GEORGE SCHLOTEL, Esq.

CORNELIUS SURGEY, Esq.

WILLIAM TROTTER, Esq.

HENRY TUDOR, Esq.

ADMIRAL SIR PROVO  
WALLIS, G.C.B.

GEORGE WYTHES, Esq.

*Secretary.*

HYDE CLARKE, Esq.

*Foreign Law Adviser.*

AUBREY MORIARTY, Esq.

*Solicitors.*

MESSRS. J. TRAVERS SMITH & Co.,

MESSRS. NORTON, ROSE, NORTON & BREWER.

*Advising Engineer.*

THOMAS RUMBALL, Esq., M.I.C.E.

# REPORT OF THE COUNCIL OF THE CORPORATION OF FOREIGN BONDHOLDERS.

---

## REPORT OF THE COUNCIL

*On the financial situation and administration of affairs of the  
Corporation*

FOR THE YEAR 1873.

THE Statutory Meeting of the Corporation of Foreign Bondholders was held on the 27th of November last, when the following Report was submitted and adopted:—

“The Council have much pleasure in reporting that, after  
“considerable trouble and the lapse of a long period of time,  
“they succeeded, in spite of the many unavoidable diffi-  
“culties arising in such case, in inducing the Right Hon.  
“the President of the Board of Trade to grant a licence  
“under the 23rd Section of the Companies Act, 1867,  
“enabling the Corporation to be registered without the  
“addition of the word ‘limited’ to its title. Accordingly,  
“the Corporation was on the 1st of August, 1873, duly  
“registered under the ‘Companies Act of 1862,’ with  
“Memorandum and Articles of Association, which have  
“been prepared with great care, so as to enable the opera-



"tions of the Corporation to be carried on in as compre-  
 "hensive a form as possible for the accomplishment of the  
 "great objects for which the association was originally  
 "established. The Council hereby place before the Meeting  
 "an account (duly audited), showing the assets which have  
 "been handed over to the Corporation by the old Council of  
 "Foreign Bondholders, and the general financial position  
 "which the Corporation assumed as on the 1st of August,  
 "1873, the date of incorporation. The Council have from  
 "that date continued to carry on the business of the Cor-  
 "poration, and have made the necessary appointment of  
 "officers, and have, after great consideration, made certain  
 "Rules and Regulations for the government of the Council  
 "and committees, and respecting General Meetings of  
 "Bondholders, and the business, agency, and services of the  
 "Council and the officers of the Corporation. A copy of  
 "these Rules and Regulations will be laid before the  
 "General Meeting. A copy of the Memorandum and  
 "Articles of Association together with a copy of the  
 "Licence of the Board of Trade and of the Certificate of  
 "Incorporation, and a copy of the Rules and Regulations,  
 "have already been forwarded to each Member, as well as  
 "the Certificates of Membership. The Meeting being, as  
 "mentioned in the advertisements, required by statute to be  
 "held within four months after the date of incorporation,  
 "the business to be transacted this day is necessarily of a  
 "*pro formá* character only. The Council, however, present  
 "this report, and are at the same time ready to render to  
 "the Members any further information in their power."

From the accompanying accounts it will appear that the  
 sum of £60,280 has been paid by the Permanent Members  
 of the Corporation. That sum is repayable in conformity  
 with the Articles of Association, in the manner and at the  
 time to be determined by the Council, with 5 per cent.

interest from the date of payment, out of the receipts and revenues of the Corporation. The amount originally fixed was £100,000, but as the Council decided to allot only one Bond of £100 to every Member, the surplus subscriptions were returned to those who had not furnished a special nominee in respect of every £100 subscribed. To a number of subscribers, who had joined the Association for different objects than the protection of the rights and interests of the holders of Foreign Bonds, their subscriptions were likewise returned. Thus the liability of the Corporation has been considerably reduced, and the repayment of the capital advanced by the Permanent Members will thereby be accelerated. The transactions of the Corporation have been very numerous, and necessitated a corresponding outlay, which, however, on their completion, will be amply repaid in the manner provided by Article 64 of the Rules and Regulations, which is to the following effect:—

“64. The expenses incurred by the Corporation in the  
 “arrangement of a Foreign Loan under default, and a fair  
 “and moderate commission (applicable towards the public  
 “objects of the Corporation, and the gradual re-payment of  
 “the funds advanced by the Permanent Members of the  
 “Corporation), shall be paid by the Government with which  
 “the arrangement has been effected. In cases where that  
 “condition cannot be fully obtained from such Government,  
 “the Council will urge its partial compliance, and failing  
 “therein, the expenses and commission shall be paid by the  
 “Bondholders, by a *pro rata* contribution.”

Another source of revenue will be the contributions of Life Members and Annual Subscribers. As soon as the arrangements for rendering important services and advantages to the Members shall have been more fully developed, the Council will invite the bondholding public at large to join the Association as Life Members or Annual Subscribers.

It is intended to confer the privilege of Permanent Membership, henceforth only upon such Bondholders as, from their position, shall be likely to be of service to the general interest.

A convenient Reading Room has been prepared for the Members. Besides English newspapers and financial periodicals, a number of foreign journals have already been provided, and official gazettes and journals from all countries who have contracted loans in England will be collected, as also all pamphlets, publications, reports and documents that may appear on the subject of Foreign Loans. A Library to consist of a complete collection of works on finance, commerce, railways, public works, and political economy, especially as relating to foreign countries indebted to British Bondholders, is in course of formation. The Government of the United States have kindly made a valuable and considerable contribution towards it, and there is reason to expect similar acts of courtesy from other Governments. It has been suggested by some Members that lectures and discussions on subjects of interest to Foreign Bondholders should periodically be arranged in the Hall of the Corporation, and that suggestion will be duly considered. The Council have appointed agents in various countries from whom they receive valuable and frequently confidential information, which they place at the disposal of the Members. Measures are being adopted for appointing agents in every country in whose financial position the Bondholders are interested. The Council have in many cases given letters of introduction to their agents for Members going abroad. In numerous instances such introductions have proved most useful to Members of the Corporation. The Council have always been ready to lend their good offices to Members in their relations with Foreign Governments, and they have been able to render valuable

assistance in cases of unsettled claims, of concessions requiring extension of time, of lost and stolen Bonds by supplying authenticated certificates, and in various other matters.

To the numerous Members who have applied verbally or in writing, every information procurable by the Council has been given, also respecting the conversion of Bonds, the payment of Coupons, and on all other subjects relating to Foreign Bonds.

The foregoing are some of the advantages incidental to membership of the Corporation, but the chief objects of the institution are the vindication and protection of the rights and interests of the holders of Foreign Bonds, and the maintenance of the public credit of Foreign Governments, by the propagation of sound doctrines with respect to the punctual fulfilment of their financial engagements, especially towards foreign creditors. The full report of the Council on that head gives evidence of their labours during the last year.

Considering that the Council of Foreign Bondholders is a young and novel institution, and that its incorporation under licence of the Board of Trade dates but from the 1st of August last, the results attained may be deemed highly satisfactory, and as promising to be attended with still greater effects for the future.

The above Report, and the Statement of Accounts, and the Rules and Regulations are hereby submitted to the Members for their consideration and adoption, as well as the election of Auditors for the current year.

J. GERSTENBERG, *Chairman.*

HYDE CLARKE, *Secretary.*

## YEARLY REPORT ON TRANSACTIONS, 1873.

---

The Council resume their task of laying before the Members of the Corporation and the Bondholders at large a brief account of some of the chief transactions carried on in the common interest.

## FRANCE.

There has been nothing in the past year on which the Council have specially to report with regard to France. With the various financial bodies in that country friendly relations have been kept up. As the effect of the maintenance of credit shows itself in the restoration of the resources of France, the Council find a strong disposition there to co-operate as before with them in measures for the defence of the common interests of Bondholders. The Council confidently expect valuable aid from their allies in that country.

## HOLLAND.

The relations of the Council with the Bourses of Amsterdam and Rotterdam are constant, because Holland for centuries has taken part in financial operations in various countries abroad, and still maintains her high position in this respect. This has created a spirit of enlightenment widely diffused among the community as to all Foreign investments, and which enables her representatives to take an early and leading action whenever intervention is required.

## GERMANY.

The growth of prosperity in Germany has enabled its citizens to take a still greater share in American and Foreign Loan transactions, and thus common ties of interest with ourselves are being constantly formed. The occasions for co-operation have proved unfortunately many, and the assistance which can be rendered from this side will not fail to be sought and appreciated. At present the spirit of co-operation is being most effectually manifested by the Bourse of Frankfort, but the action of those of Berlin, Hamburgh, and the lesser financial centres may be confidently anticipated. This will take effect the more the operations are extended on each side.

## AUSTRO-HUNGARY.

The release of Austro-Hungary from the interdict imposed by the Stock Exchange on the Empire by the intervention of the Council, has enabled Hungary in particular to profit by the resources of the western markets. The demands for capital by the countries of the Danube are great, and if supplied within the limits of prudence will so promote the development of large regions as to contribute much to the welfare of Europe generally. In this respect the advancement of all the neighbouring countries will promote that of European Turkey. There has, however, been some doubt as to the extent to which recent loans have exceeded the capacity of the market.

## Spanish General Committee.

- |  |                                       |
|--|---------------------------------------|
| The Right Honourable Lord<br>Hampton, G.C.B., <i>Chair-<br/>man.</i>                   | J. Figgins, Esq., Alderman.           |
| J. Gerstenberg, Esq., <i>Chair-<br/>man of the Council of<br/>Foreign Bondholders.</i> | Henry I. Fotherby, Esq.,<br>M.D.      |
| Philip Rose, Esq., <i>Member of<br/>the Council of Foreign Bond-<br/>holders.</i>      | Captain T. Fuller.                    |
| Cornelius Surgey, Esq., <i>Mem-<br/>ber of the Council of Foreign<br/>Bondholders.</i> | Commissary-General R. M.<br>Gardiner. |
| Augustus B. Abraham, Esq.  | James Gardner, Esq.                   |
| General Sir George Balfour,<br>K.C.B., M.P.  | Robert Gardner, Esq.                  |
| Dr. A. Benisch.  | John Goddard, Esq.                    |
| F. Bennoch, Esq.   | Wm. Grain, Esq.                       |
| W. H. Bishop, Esq.   | G. de G. Griffith, Esq., M.D.         |
| A. Blackborne, Esq.  | W. Griffith, Esq.                     |
| Lionel N. Bonar, Esq.  | Rev. W. B. Harrison.                  |
| Sir Antonio Brady.   | Spencer Herapath, Esq.                |
| Andrew Cassels, Esq.   | Geo. Herring, Esq.                    |
| M. Castello, Esq.  | Rev. W. Hodgson.                      |
| Ed. Chadwick, Esq., C.B.   | W. Hopkinson, Esq.                    |
| Astley Cock, Esq.  | E. J. Hutchins, Esq.                  |
| John Collinson, Esq.   | E. Jeggins, Esq.                      |
| Captain Craigie.   | Jas. Birch Kelly, Esq.                |
| Robert Crawshay, Esq.  | Thos. Kent, Esq.                      |
| Chas. John Croke, Esq.   | Capt. Gilbert T. Key, R.N.            |
| Colonel the Honourable H. B.<br>Dalzell.   | Arthur Kimber, Esq.                   |
| Geo. Dibley, Esq.  | G. I. Leon, Esq.                      |
| R. Dixon, Esq.   | C. E. Lewis, Esq., M.P.               |
| Wm. Duncan, Esq.   | Chas. Magniac, Esq.                   |
| Roger Eykyn, Esq.  | W. H. Mogg, Esq.                      |
|  | Rev. M. N. Nathan.                    |
|  | A. Northen, Esq.                      |
|  | Parkinson Oates, Esq., M.D.           |
|  | John Paterson, Esq., Alderman.        |
|  | H. A. Powell, Esq.                    |
|  | M. J. Power, Esq.                     |
|  | C. W. Price, Esq.                     |
|  | J. Remfry, Esq.                       |



D. Robinson, Esq.	Hon. Fredk. Walpole, M.P.
The Chevalier de Rosaz.	Chas. Waring, Esq., M.P.
L. M. Rothschild, Esq.	Count M. G. de Wezele.
Christopher Rowlands, Esq.	E. T. Wilson, Esq., LL.D.
Thos. Rumball, Esq.	J. H. Wolton, Esq.
Max Schlesinger, Esq.	Edwd. Wright, Esq.
Thomas Sidney, Esq., Alder- man.	G. Wythes, Esq.
H. Solomon, Esq.	<i>Secretary of the Committee.</i>
Samyntas Stannah, Esq.	Hyde Clarke, Esq.
General Edward Studd.	
John Vade, Esq.	<i>Acting Agent in Madrid.</i>
General J. L. Vaughan, C.B.	John Hamilton, Esq.
Lieut.-Col. Vickers.	

As stated in the last yearly report, the Bondholders felt compelled to accept a most unsatisfactory arrangement of the Coupons under the threat of resignation of the Government, and of the serious consequences which might have ensued in Spain. In fact, the consequences of resistance privately made known to the Council included the immediate retirement of the King.

Had the Bondholders rejected the proposition of Señor Ruiz Gomez to accept the third of the Coupon in Three per Cents. at the fictitious rate of 50, the King would then probably have abdicated, and the result would have been that the responsibility for this event, which has proved so disastrous, would have been thrown upon the Bondholders, and a plea might have been preferred that as the Foreign creditors had brought Spain into danger they must pay the penalty.

The political events of Spain are well enough known. The mode in which the Coupon of the 31st December, 1872, was paid, and in which the recommendations of the Council were disregarded, fully justified the objections which the



Council had urged against the arrangement with all the weight it could bring to bear. As the stock was thrown on the market, it gave a further blow to Spanish credit.

After the retirement of the King, the 30th June Coupon could not be met in any way, and since then the last December Coupon has fallen into default. The Council has been unremitting in urging upon the Spanish Government every practicable measure for supporting its credit and giving satisfaction to its creditors, but with frequent disappointments. It would have been idle to make solemn protests and to adopt violent language towards a Government requiring every resource to contend with its enemies in the field.

The negotiations have been continuous in London and Madrid, and have demanded constant and serious attention. Often they have promised success, and Ministers have demanded that the Bondholders should be called together to consider propositions, but the frequent changes of ministers and officials have proved a great obstacle to the progress of arrangements.

The Fiscal Agency have, on the occasion of the summer Coupon, invited the Bondholders to send in their Coupons, but neither money nor stock was forthcoming, and at length there was a difficulty in obtaining the return of the Coupons. The Council, however, prevailed on the Government in Madrid to comply, but then a difficulty arose as to the Coupons being cancelled, which was, however, arranged by the Committee of the Stock Exchange on the application of the Council.

The Spanish General Committee has sustained the loss of its chairman, Lord Westbury, and of Mr. Coles Child, and of its coadjutor, Lord Majoribanks (Mr. David Robertson). Lord Eustace G. Cecil, M.P., the successor of Lord West-

bury, as Chairman of the Foreign and Colonial Trust, has consented to act as Chairman of the Committee.

Mr. Hamilton has, from the period of his appointment as Acting Agent of the Council at Madrid, continued to devote himself to promote the interests of the Bondholders.

## PORTUGAL.

The Council has, from time to time, been in relation with the Fiscal authorities of Portugal.

It is gratifying to state that the Government has, after many years' assiduous exertion, succeeded in reducing materially the rate of the Internal Debt, and in greatly restoring the credit of the country. This has been naturally attended with a greater degree of home confidence, and consequently a free supply of capital on moderate terms, exempting the Government from the exactions of the local establishments.

## ITALY.

The vexations practised on the Bondholders by the Italian Government have been pressed on the attention of the Council, and the Council have addressed serious remonstrances to the Minister of Finance. So far, however, from these having received due attention, and any remedy being applied to the grievances, the Italian Government has persisted in its course, and inflicted further annoyances.

The coupon due on the 1st January was not provided for here at the appointed time, and the Council made application in conjunction with the authorities of the Stock Exchange to Messrs. De Rothschild, who immediately put themselves in telegraphic communication with the Government, and obtained the necessary instructions.

The formalities included a declaration that no Italian

subject was interested in the dividends. That could not be complied with by bankers and brokers, and a general spirit of remonstrance was manifested. In the first instance a determination was expressed by the bankers not to sign the declaration, but unfortunately, through delay in communication with the Council, the requisite union of bankers was not obtained, or efficacious measures might have been then applied. The Bank of France might also have been induced to take a more decided course.

A number of the leading firms having, in consequence of attention being called to the subject by the "Daily News," communicated with the Council, a notification has been made to the Italian Government that, on the occasion of the next coupon, the action of the bankers will be combined if the Government does not amend its restrictive policy. The Bourses of Amsterdam and Brussels have already adhered to the declaration of the Council, and the Council are not without hope that assistance will be afforded by the Bank of France.

It is, however, of the greatest importance that the supineness of the Bondholders in England and abroad should cease, for the Council have failed in previous attempts to obtain adequate support in France and Switzerland. The Council therefore invite the active co-operation of all holders of Italian securities, and, in particular, of the Sardinian Loan.

## GREECE.

*Agent for Greece:* CAPTAIN STAB (Constantinople).

The deplorable condition of Greek credit remains without remedy. The holders in Holland, under the guidance of Mr. Louis Drucker, have taken a most active part in the vindication of the rights of the Bondholders, and the Council have given their hearty co-operation. Mr. Louis

Drucker himself visited Athens, and addressed the Ministers, and the Council had instructed Captain Stab, their Agent resident in Constantinople, to proceed to Athens and support the representations of Mr. Drucker. This, however, in consequence of the pressure of the Turkish negotiations, he was unable to do.

The greater energy which has been given to the action of the Bondholders has prepared the way for a bolder and more decided policy. It has been determined to announce to the Greek Government that until the English Loans held in England and Holland are adjusted, no countenance shall be given to public or private enterprises connected with Greece. This policy is accepted by the Council, by the influential Bourse of Amsterdam, by that of Rotterdam, by Brussels, and by Antwerp.

The declaration communicated by Mr. Drucker to the President of the Council of Ministers at Athens, and that of the Committees of the Bondholders of Brussels and Antwerp, are two able and remarkable documents, which the Council propose to reproduce, with other correspondence. Already by their intervention these valuable papers have been published in English and French in the journals of Europe, and communicated to the leading papers in Greece, the diplomatic body in Europe and the East, and to others able to influence opinion.

These measures will be prosecuted, and it is hoped the attempts of the Greeks and their abettors to evade their obligations will be effectually checked.

## TURKEY.

### Joint Commission for the Ottoman Loans of 1858 and 1862.

J. Gerstenberg, Esq., <i>Chairman.</i>	H. A. Withers, Esq.
Francis Bennoch, Esq.	Hyde Clarke, Esq., <i>Secretary.</i>
John Paterson, Esq., <i>Alderman.</i>	<i>Agent in Constantinople.</i>
E. T. Wilson, Esq., LL.D.	Captain Stab.

The Council announced last year their hopes of an amicable adjustment of the difference with the Ottoman Government in relation to the quotation of the 1872 Loan, of which, on the action of the Council, the Committee of the Stock Exchange had withheld authority for quotation.

This intervention of the Committee of the Stock Exchange, as in the case of the Austrian Government, proved efficacious and satisfactory.

After a protracted resistance, the Ottoman Government entered into conventions, by which the rights of hypothecation of the holders of each Loan are recognised, a monthly instalment is paid to the Imperial Ottoman Bank, and a monthly return is published by that establishment on behalf of the Government.

Each convention was printed, together with a report of the Council, and submitted respectively to General Meetings of the Bondholders. The 1858 meeting was held on the 24th February, and the 1862 meeting on the 17th February.

In conformity with these conventions three Commissioners have been appointed to supervise the operations on behalf of the 1862 holders, and two on behalf of the 1858 holders. These Commissions, under authority of the Bondholders, have been united as a Joint Commission, which is duly organised, a chairman and secretary having been elected, and which has its offices in the Councilhouse. The expenses have all been paid out of the sum provided to meet the current expenses of the Commissioners or any emergency at Constantinople, and the contributions paid by the 1862 Bondholders have been refunded.

The detailed proceedings will be found recorded in the published reports.

Captain Stab, the Acting Agent of the Council at Constantinople during the negotiations, in which he rendered

valuable services, was appointed Agent, and having been summoned to London to assist in the completion of the arrangements, has been able to give personal information to many holders of Turkish securities.

The measures taken for maintaining the rights of the 1858 and 1862 holders had at first a favourable effect on the market; but the General Conditions of Turkish operations ultimately influenced the Preferential Stocks. With regard to the 1858 stock, a large amount of stock was thrown on the market by the death of His Serene Highness the Duke of Brunswick, whose agent had co-operated with the other leading holders in the establishment of the Committee.

The holders of the 1869, and other Loans, have from time to time been in communication with the Council for the better enforcement of their securities. The general alterations of Turkish arrangements has also received the attention of the Council.

## EGYPT.

*Agent for Egypt:* CAPTAIN STAB (Constantinople).

A natural interest and anxiety are entertained with regard to the state of Egyptian finances, to which the Council have directed their attention.

## TUNIS.

The aid of the Council has been on more than one occasion invoked with regard to investments in Tunis, and H. M. Consul-General has most readily responded to the application of the Council. The amount of English holders is, however, so small, as not to justify separate action.

## MOROCCO.

It is a matter of great gratification that the succession of the new Sultan, so commonly a danger in Morocco, has been accomplished with little disturbance, so that the stability of the Moorish Loan negotiated by Messrs. Robinson and Fleming has not been impaired, and may be considered to have received a further guarantee. This is material with regard to the progress of the country, for which the foundations have been laid.

## LIBERIA.

The President of Liberia having again visited this country, advantage was taken of this opportunity to confer with him as to the Liberian Loan, on which he has given assurances that the Government will endeavour to comply with its obligations. The influence of late events in West Africa may tend to promote the development of this Republic, as also of the colony of SIERRA LEONE, for which a loan for local improvements has also been raised.

## JAPAN.

Many communications have been made to the Council with regard to Japan, of which the financial operations are assuming importance. The political and moral changes in that empire are great and sudden, but they can only be made permanent and effective by the application of capital to the public works required to stimulate material progress. There appears every reason to hope, that as these investments become larger, so will they be accompanied by further elements of stability.



## VIRGINIA.

## Virginian Committee.

Commissary-General R. M.	Algernon Gilliatt, Esq.
Gardiner, <i>Chairman</i> .	C. E. Habicht, Esq.
J. Gerstenberg, Esq., <i>Chair-</i>	E. J. Harris, Esq.
<i>man of the Council, of Foreign</i>	Arthur Horrigan, Esq.
<i>Bondholders</i> .	Chandos Wren Hoskyns, Esq.
Samuel Montagu, Esq., <i>Member</i>	E. Humphreys, Esq.
<i>of the Council of Foreign</i>	Henry Joachim, Esq.
<i>Bondholders</i> .	Arthur Kimber, Esq.
F. Algar, Esq.	Silvester L'Amy, Esq.
Geo. Artingstall, Esq.	Robt. P. Laurie, Esq.
Lieut.-Colonel Aytoun, R.A.	Arthur Leared, Esq., M.D.
R. L. Baker, Esq.	G. J. Leon, Esq.
Jas. B. Blarney, Esq.	J. L. Mieville, Esq.
Morris Cantor, Esq.	D. Oppenheimer, Esq.
E. Charlton, Esq., M.D.	Geo. Penson, Esq.
Robert Clark, Esq.	Giuseppe A. Pugno, Esq.
Charles Clark, Esq.	Geo. Richardson, Esq.
Astley Cock, Esq.	W. R. Richardson, Esq.
John Dabbs, Esq.	Captain W. W. Ross.
Joseph Hankey Dobree, Esq.	M. J. O'Shaughnessy, Esq.
W. Duncan, Esq.	C. Satterthwaite, Esq.
John Ford, Esq.	W. Trotter, Esq.

In the Session of the Legislature of 1873 no relief was obtained for the Bondholders. Thus the holders of the Bonds remaining unconverted were compelled to abstain from sending in for conversion.

A large body of holders tried the question of the right of conversion into Bonds having coupons receivable for taxes, and obtained a judgment in their favour in the Lower Court. This was, however, at a later date revoked by the Supreme



Court of Appeal. In this course of action, as in others, the Bondholders received the co-operation of Messrs. Baring Brothers and Co., who largely contributed to the expenses.

The holders of the Bonds bearing coupons receivable in payment for taxes, have derived considerable advantage from that privilege.

The great resources of Virginia, particularly in coal and iron, have naturally attracted much attention, and attempts have been made to introduce into this country enterprises in connection with them. The Council have considered it their duty on behalf of the Bondholders, and acting in conformity with the policy now accepted by the foreign Bourses, to discourage such investments until the public engagements have been met. Indeed, this is a measure of common prudence, because no private investment can be safe where the obligations of justice, morality, and law are set at defiance by the community. The enforcement of such a policy exercises a salutary influence on the citizens of a State who are disposed to neglect their political duties so long as they can favour their personal interests, whilst it checks those among ourselves who are content to profit by those who are robbing their neighbours.

In pursuance of the policy thus accepted, the Secretary attended at the Society for the Encouragement of Arts, Manufactures, and Commerce, when Major Hotchkiss, a distinguished Virginian, read an interesting paper on the great resources of the country. While expressing a sincere regard for the welfare of Virginia, it was pointed out that the flagrant violations of public duties rendered it impossible at present to encourage further investments in Virginia.

The circulation of this paper and discussion produced a useful effect in Virginia, while General Imboden thought it necessary to meet the Virginian Committee and Bond-

holders in a Conference at the Councilhouse, to explain to them the causes of the embarrassment of the Commonwealth, and to give assurances that the leading citizens would in the ensuing elections support a policy of probity.

Mr. George Artingstall, J.P., a member of this Corporation and of the Virginian Committee, undertook to proceed to the United States, and received from the Council a mission to confer with the Governor and statesmen of Virginia, for which he was furnished with letters of introduction at New York. Mr. Artingstall was received by the leading bankers, who gave him assurances of their continued co-operation with the Council, as also by the President of the New York Stock Exchange, the Board of which has materially assisted in the cause of American credit by refusing to authorise the quotation of Virginian Bonds not provided with coupons receivable for taxes. In the absence of the President of the United States from Washington, Mr. Artingstall had a conference with the distinguished Secretary of the Treasury, the Honourable Mr. Richardson, to whom he was charged to represent the feelings of respect entertained by Bondholders towards the Federal Government for their maintenance of the obligations of credit.

Mr. Artingstall arrived at Richmond at a season of the year when many leading persons were absent, but he fully impressed on the Governor, and the chief political men, the views of his brother Bondholders, and he received assurances that a juster measure should be in future dealt out to the Bondholders. What the result may be is still undetermined and not too hopeful, but the judicious manner in which Mr. Artingstall accomplished the important mission entrusted to him produced for the time a material effect not only on Virginia, but on the neighbouring states. If justice be not accorded, it will remain for the Council and the Bondholders to adopt more serious measures.

With regard to the claim on Western Virginia, no progress has been made.

The whole state of affairs has caused much anxiety, which has not been diminished by the renewal of repudiations in the Southern States. In the representations which have been made, and in all the proceedings, the Council have received much support in the assistance of the Committee and of Commissary-General Gardiner, its Chairman, but more particularly in the co-operation of Messrs. Baring, who have not only given the aid of their influence, counsel and experience, but, as already stated, more material aid.

It may be again pointed out that Virginia is only one instance among many defaulting States, and it has become necessary to deal with them as a whole, and to this task the Council has addressed itself. In this it has on several occasions received the countenance of the leading houses in London and their representatives in New York. Messrs. Baring have been already named, and, among others, should be mentioned Messrs. N. M. De Rothschild and Sons, Messrs. J. S. Morgan & Co., Messrs. Brown, Shipley & Co., Messrs. MacCulloch & Co., Messrs. R. Benson & Co., Messrs. J. R. Gilliat & Co., Messrs. Seligman Brothers, Messrs. Bischoffsheim and Goldschmidt, Messrs. Speyer Brothers.

In trying to bring influence to bear on people so nearly akin to us and so closely connected by every tie, the assistance of the Press is indispensable, and this has been usefully afforded by the "Times" and many English journals. What is none the less to be regarded is that many organs of the American Government in the North and the South have been even more outspoken in defence of the observance of moral obligations. The difficulties of the Southern States are great in the sudden endowment of masses of the uneducated with the responsibilities of citizenship, but there is a strong desire on the part of many of the population to meet

the indebtedness towards the home and foreign creditor, and it is to be hoped that time and the spread of intelligence will strengthen the hands of the patriotic and increase their numbers.

The Council have not been unmindful of invoking the attention of their Continental allies to the common danger, and they believe they are justified in stating that there will be full accord in dealing stringently with those who do not meet the claims upon them in a fair spirit and to the best of their power.

### INDIANA.

The general representatives of the Indiana claims long since engaged the attention of Messrs. Dent, Palmer, and Co. The Council have been in communication with them and with the Governor of Indiana, and they propose to press the case of the Bondholders more strongly.

### GEORGIA.

The condition of financial affairs affecting this State has long been unfavourable; but as few English holders are affected, the action of the Council has not been invoked, and has been limited to general representations in relation to the maintenance of the public credit.

### FLORIDA.

The proposed settlement of the Old Florida Bonds has not been carried out, and a further default on the Eight Per Cent. Railway Bonds of 1871 has been committed. However, an

offer has been made by a private person to effect a recovery on account of the Old Florida Bonds issued by the Bank of Pensacola. Holders of these Bonds are therefore requested to communicate the numbers of their Bonds to the Council.

## NORTH CAROLINA.

A Meeting of North Carolina Bondholders was convened at the request of Mr. Appleton Oaksmith, a Member of the Legislature of North Carolina, introduced to the Council by Governor Caldwell, at which Meeting the Bondholders present requested the Council to render their advice and co-operation towards an adequate and equitable settlement of the debt of North Carolina. Correspondence on this subject is still being carried on.

## TENNESSEE.

This State is one which has effected an arbitrary reduction of its indebtedness, for which it has a technical excuse that the debt is internal, but as no compensation has been provided to meet present sacrifices from future resources, the State cannot be accepted in the future as a solvent borrower by those in the United States or abroad beyond its frontiers. The result will very probably be the exclusion of Tennessee from the privileges of the markets.

The Council remonstrated with the Governor on the aggravated fact, that on this forced reduction a heavy tax of half per cent. was exacted for its own officers from the Bondholders. The Governor's explanation, that it was a law of the legislation and therefore legal, so far from affording any excuse for the proceedings, only serves as a stronger warning to the public.

## ALABAMA.

## Alabama and Chattanooga Committee.

The Right Hon. Lord William	G. Medley, Esq.
Montague Hay, <i>Chairman.</i>	Aubrey Moriarty, Esq.
J. Gerstenberg, Esq., <i>Chairman</i>	Edward Riley, Esq.
<i>of Council of Foreign Bond-</i>	Philip Rose, Esq.
<i>holders.</i>	H. Sandeman, Esq.
Francis Bennoch, Esq., <i>Member</i>	H. D. C. Satow, Esq.
<i>of Council of Foreign Bond-</i>	E. F. Satterthwaite, Esq.
<i>holders.</i>	E. A. Stoehr, Esq.
Augustus B. Abraham, Esq.	T. E. Twycross, Esq.
E. d'Eichthal, Esq.	Major-General J. L. Vaughan,
F. Engelhardt, Esq.	C.B.
Baron Emile Erlanger.	T. Wilshire, Esq.
A. Haworth, Esq.	

The State of Alabama, in promotion of the Alabama and Chattanooga Railroad, issued 8 per cent. Gold Bonds and Railroad Bonds, which were largely taken up here and on the Continent. The State having this liability thrown upon it at an earlier date than had been arranged, provided for the first coupons, but then became embarrassed. To make matters worse, the affairs of the railroad were thrown into bankruptcy in the United States Circuit Court by parties who obtained the appointment of the receivers, and created further indebtedness.

The Council having been applied to, convened a meeting of Bondholders, formed a Committee, of which Lord Wm. Hay is chairman, and through the instrumentality of the Delegate of the Council at Frankfort, Dr. Jules Levita, put themselves in co-operation with the German holders. The Alabama and Chattanooga Railroad Bonds were called in for deposit with Messrs. Robarts, Lubbock, and Co., in London, and with several bankers in Germany.

The Governor of Alabama made strenuous efforts to

release the railway, in which he was promised pecuniary aid through the channel of the Council. The Council and Frankfort Committee besides other measures, have thought it necessary to appoint as agent for this matter in the United States, the Hon. David A. Wells, and steps are being taken to vindicate the rights of the Bondholders in the law courts, for which the Council have undertaken to supply a considerable sum in addition to the disbursement of other parties.

Already the old receivers have been removed, and new receivers appointed, the railway put in a sounder position, and the contraction of further encumbrances on it has been stopped.

As it is impossible for the State to meet its arrear obligations in cash, the Council is endeavouring to obtain the best provision it can in securities, so as to afford compensation for the Bondholders, and temporary relief for the State.

## LOUISIANA.

The Council, immediately on the receipt of the news of the Funding Bill, at the suggestion of Messrs. Stern Brothers, telegraphed to Mr. Albany de Fonblanque, H.M. Consul in New Orleans, protesting against such an act as an injustice, and requested him to acquaint the Governor with the protest. Shortly afterwards, on information that the Bill had passed by which the principal of the State Debt is reduced 40 per cent., and all Bonds to bear 7 per cent. interest, the Council telegraphed, and wrote to the Governor stating, that if such action were persevered in, the Council would be obliged to take measures to exclude Louisiana from the money markets of Europe. The Bourse of Amsterdam have written to the Government, joining the protest of the Council, and pledging themselves to co-operate with the



Council in every measure to be taken in the matter. A copy of protest has also been received from bankers at Brussels, as sent by them to the Governor. Mr. de Fonblanque took immediate action, and the Governor telegraphed to New York vindicating his action, and promising a reply to the Council. The holders in New York have published an energetic and able protest, which has been communicated to the Council.

## SANTO DOMINGO.

### Santo Domingo Committee.

F. Bennoch, Esq. <i>Chairman.</i>	W. Johnson, Esq.
J. Gerstenberg, Esq., <i>Chairman of the Council of Foreign Bondholders.</i>	A. C. La Nauze, Esq.
Maj.-General J. L. Vaughan, C.B., <i>Deputy-Chairman.</i>	Robert Monckton, Esq.
W. Abbott, Esq.	Aubrey Moriarty, Esq.
G. A. Addison, Esq.	G. L. Morris, Esq.
Dr. A. Benisch.	J. G. Peckham, Esq.
E. Lennox Boyd, Esq.	Chas. Penruddocke, Esq.
Robert Bradshaw, Esq.	C. W. Price, Esq.
C. A. Day, Esq.	V. D. Ray, Esq.
Capt. W. Delf.	H. E. Rensburg, Esq.
J. Downing, Esq.	P. C. Renton, Esq.
R. F. Eland, Esq.	W. Richardson, Esq.
W. Ford, Esq.	Samyntas Stannah, Esq.
J. Foster, Esq.	Aug. Styles, Esq.
G. Grantham, Esq.	R. Tamblyn, Esq.
Maj. J. C. Harris, R.E.	G. R. Walker, Esq.
Rev. E. S. Hart.	Count M. G. de Wezele.
R. H. Household, Esq.	Colonel R. White.
H. B. Hyde, Esq.	Thos. Williamson, Esq.
	Thos. Wilshire, Esq.
	C. O. Wombwell, Esq.

The Council last year reported that extraordinary as this case was, they were precluded from acting, as the certain



default had not then taken place, and under the representation made the majority of the Bondholders awaited with confidence the payment of their dividend.

Had a general meeting been then convened, it might have happened that a vote of confidence would have been passed in the Government and its agents, and the Council might have been censured as causing a depreciation in the market price of unquestionable securities.

On the catastrophe occurring, the Council was appealed to by the general voice of the Bondholders. The difficulties were great, from the peculiar complications, nor have they been diminished by the conduct of those professing to act as representatives of the Government.

A general meeting of the Bondholders was first called on the 5th February, and a powerful representative General Committee formed, of which Mr. Francis Bennoch, Chairman of the Government Stocks Investment Company, became Chairman; and General Vaughan, C.B., Deputy-Chairman. From that period the proceedings have entailed continuous labour, which latterly has been largely shared by Mr. Aubrey Moriarty, the Foreign Law Adviser of the Corporation.

The claims of the Bondholders were generally set at nought, and treated as extinguished, more particularly by the Santo Domingo Government and parties in the United States, and in Hayti. The first duty was to prepare a memorial of the Council and General Committee, which clearly stated the case with the documents in its support. This was very widely circulated, and although, as anticipated, it met with a refusal from President Baez, it produced the required impression on the minds of public men at home and abroad. A good result, not less material, was that in satisfying the Bondholders of the validity of their title, it laid a sounder basis for union among them.

This memorial was afterwards embodied with every necessary detail in a First Report (Santo Domingo Bonds First Report).

The Council had observed that a part of the rights hypothecated to the Bondholders had been assigned to a powerful American combination, the Samana Bay Company, and proceeded to notify to that Company that no financial operations connected with Santo Domingo would be allowed to be placed unopposed on the European markets unless measures were adopted to make good the default of the Government. This step was imperatively called for to protect the position of the Bondholders, but it was not taken in any hostility towards the Samana Bay Company, which had been led in ignorance to invade the rights of the Bondholders.

After considerable resistance, and vain attempts to act independently in this and the Continental markets, the Samana Bay Company entered into negotiations with the Council. The Company also found that the resistance offered in Europe very much lessened the power of raising funds in the United States for so large an enterprise as theirs. It was also seen that a basis of alliance with the Bondholders existed, and that the compensation for the latter could by co-operation be recovered in due time from the defaulting Government.

These negotiations, long delayed by the change of negotiators, resulted in an engagement under which the Santo Domingo Bondholders will receive an advance of one-half in the Company's Bonds, with a bonus in the Company's stock, and prospective advantages. This agreement is embodied in a Second Report (Santo Domingo Bonds Second Report), and was accepted by a General Meeting on the 27th January, 1874, and is now in process of being put into effect, subject to the ratification of the Samana Bay Company.

## MEXICO.

The change of President and the progress of the railway have improved the condition of Mexico, but its embarrassments are great, and the Government has not sufficiently felt the duty and the advantage of adequately providing for the Foreign debt, by an equitable arrangement, the terms hitherto submitted being inadmissible. The absence of a diplomatic representative of H.M. Government is also a serious prejudice to the interest of the Bondholders. This state of affairs has continued to engage the attention of the Council, and it has rendered its co-operation to the efforts of the old Committee of Mexican Bondholders and to the Committee of holders of Mexican Deferred Bonds.

## COSTA RICA.

## Costa Rica Committee.

A. G. Sandeman, Esq., <i>Chairman.</i>	R. Grant, Esq.
J. Gerstenberg, Esq., <i>Chairman of the Council of Foreign Bondholders.</i>	G. de G. Griffith, Esq., M.D.
Roger Eykyn, Esq., <i>Member of the Council of Foreign Bondholders.</i>	Wm. Griffith, Esq.
Francis Bennoch, Esq., <i>Member of the Council of Foreign Bondholders.</i>	G. D. Harris, Esq.
Dr. A. Benisch.	J. W. Harvey, Esq.
E. Lennox Boyd, Esq., F.R.G.S., F.S.A.	J. Cooke Harker, Esq.
T. Cave, Esq., M.P.	T. P. Hearne, Esq.
James Cooper, Esq.	George Herring, Esq.
W. Detmar, Esq.	T. Hobday, Esq.
T. Dowling, Esq.	G. A. King, Esq.
W. E. Duncan, Esq.	J. M. Louis, Esq.
W. Godfrey, Esq.	J. F. Lovering, Esq.
	Captain R. Murray.
	H. N. Nissen, Esq.
	H. Price, Esq.
	A. W. Ray, Esq.
	E. P. Rowsell, Esq.
	Thomas Sidney, Esq., <i>Alderman.</i>
	H. Skynner, Esq.
	E. H. Stewart, Esq.

This State, which has long held a respectable position in

Central America, being desirous of constructing public works and a railway to convey the coffee and other produce to a port on the Atlantic side, raised first a 6 per cent. Loan in this market, and afterwards for the latter object a 7 per cent. Loan. The works proceeded, but by-and-bye it became evident that financial difficulties had arisen, and the Bonds were subjected to a heavy decline.

The action of the Council having been solicited, the Council put themselves in communication with the representatives of the Government in the desire to afford assistance. The Council then thought it desirable to advise Messrs. Knowles and Foster, the Agents for the 7 per cent. Loan, to send an Agent to Costa Rica. This was willingly acceded to by the firm, and they charged with this mission Mr. Pearce, a gentleman connected with them.

On his return a meeting of Bondholders was held on the 4th of February last, when resolutions were passed requesting the Council to represent the Bondholders. A Committee has been formed, and negotiations are proceeding as well with regard to this Loan as to the 6 per cent. Loan. The Council trust that the efforts of all parties will result in saving the interests of the holders, and in giving permanent prosperity and security to Costa Rica.

## GUATEMALA.

### Guatemala 1869 Committee.

General Sir George Balfour,	Jas. Roberts Brown, Esq.
K.C.B., M.P., <i>Chairman</i> .	James Charles, Esq.
J. Gerstenberg, <i>Chairman of</i>	Samyntas Stannah, Esq.
<i>the Council of Foreign Bond-</i>	George Cavendish Taylor, Esq.
<i>holders.</i>	S. W. Willet, Esq.
H. F. Bailey, Esq.	Morgan Yateman, Esq.
Dr. Behrend.	Brodie de Zulueta, Esq.
Robert Bowden, Esq.	

The political troubles of Guatemala proved graver than had been expected, and the Government had to contend with a further outbreak of civil war. The Government have, however, shown a good disposition, and the Council and the Committee, presided over by General Sir George Balfour, M.P., have, in co-operation with Messrs. J. Thomson, T. Bonar & Co., the financial agents, carried out measures for preserving the credit of the State under most difficult circumstances.

The Government acceded to the modifications demanded by the Bondholders, and a Convention having been signed, Treasury Bills, secured on the customs, in compensation for the arrears, were delivered to H. E. Edwin Corbett, Her Majesty's Minister, acting as representative for the Bondholders. The current Coupon has been discharged by assistance afforded on behalf of the Council, and the first instalment of the arrears having been received, a payment has been made on account, the two arrear Coupons have been detached, and it is hoped Guatemala has been restored to solvency.

It will be observed that the two Coupons which fell into arrear during the civil war have been provided for by the Treasury Bills, secured on the custom revenues and payable by instalments. Under these circumstances the Council felt justified in recommending that the two arrear Coupons should be detached from the Bonds, thus clearing the Bonds from an appearance which would have discredited them. These Coupons were not, however, placed in the custody of the Government, but in that of Messrs. J. Thomson, T. Bonar & Co., as agents for the holders of those Coupons until the whole fulfilment of the obligations of the Government, the Council holding it to be of much importance in all cases that the Bondholders shall retain the power over their securities.

The Bondholders, as proprietors of the Treasury Bills, had a balance of funds in hand undivided, which they were able usefully to employ for their own benefit. The Government having remitted bills at dates, which were unmarketable, the payment of the dividend would have been deferred, had not a portion of the arrear funds been lent in security of these bills to make up the cash deficiency. Thus the Bondholders rendered a material service to the Government and to themselves at a critical moment.

The Council have had constant occasion for intervention with regard to the 5 per cent. and 6 per cent. Loans, and they have had the benefit of the co-operation of H. E. Edwin Corbett, H.M. Minister Resident, who has been allowed by the Secretary for Foreign Affairs to act as agent for the Bondholders. Mr. Scholfield, H.M.'s Consul, has also rendered valuable assistance in the same capacity on the introduction of Mr. Corbett. Messrs. J. Thomson, T. Bonar & Co., have afforded to the Council a cordial co-operation.

In connection with the whole relations of Guatemala, the Council have had to consider the proposed railway. This is of the greatest importance to the country for the exportation of its products and consequent development, and it is to be hoped that on the consolidation of the country it will be carried into effect.

The presence in Europe of H.E. General Granados, the late President of the Republic, has had a useful effect in facilitating practical conferences and interchange of opinion.

## NICARAGUA.

Negotiations have continued for the adjustment of the Nicaragua portion of the Federal Debt, but as yet without result.

## HONDURAS.

The Council have already reported the success of their efforts in arresting the attempt to issue an additional Loan of £15,000,000 for the alleged purpose of constructing a new railway to convey steamers bodily from ocean to ocean. They also announced that the assurances put forward of the continued payment of the dividends had proved fallacious.

The sufferings which have been inflicted on those who have been the victims of these proceedings have been very great, but in their readiness to believe the representations put forward, very few Bondholders in the beginning of the crisis made applications to the Council, and its efforts were necessarily limited to the representations of the claims of the holders of the Federal Five per Cent. Loan, and of the members of its own Corporation interested in the various Securities.

The Council have not ceased to press the claims of the 5 per Cent. holders on the Customs of Amapala, but have received no satisfaction from Señor Gutierrez, the Minister here, or Dr. Bernhard, acting as Fiscal Agent. The Council continue to demand the appointment of a receiver.

The holders of the Railroad Loans have been called together by the agents of the Government in various meetings, and also meetings have been held in opposition, and of late the demand for the intervention of the Council has been more decided.

Thus the Council have felt justified in protesting against the measures of the parties engaged in promoting what is called the Interoceanic Railway Company, and more particularly with regard to the absorption of the Federal Loan in the form of shares in the proposed company under the promise of only a speculative and deferred interest, during



construction, of Two per Cent. instead of Five per Cent. guaranteed, and also against their interference with the securities already hypothecated to the holders of the original Railroad Loans issued in England and France.

It is trusted that this renewed attempt at raising a further loan under the auspices of parties engaged in the former issues, and in this case to the extent of £2,500,000, will be resisted by the Bondholders.

## COLOMBIA OR NEW GRANADA.

### New Granadan Committee.

J. Gerstenberg, Esq., *Chairman.*

*Agent at Bogota.*

Captain Craigie.

Charles O'Leary, Esq., *H.B.M.'s*

E. Jeggins, Esq.

*Vice-Consul.*

A. Northen, Esq.

Considerable difference of opinion has prevailed in the bondholding interest as to the conversion of the Old New Granada Debt into Colombian  $4\frac{1}{2}$  per Cent. Bonds. The Council reported last year that the proposals of the Government had been rejected by a meeting of Bondholders; but, afterwards, on their modification, they were accepted on the 7th May. (See New Granada Bonds Fourth Report.) There was, however, by no means an agreement of opinion, and the holders at Amsterdam, who have a large stake, held out against the conversion, and expressed very strong objections to the provisions connected with the compensation by land grants.

The conversion proceeded, and many Bondholders here concurred in the value of the concession which had been made to the Bondholders of 5,000,000 acres of land, and the



providing by the Government of £200,000 additional stock for working the company, together with other funds from the appropriation of remanets and deferred claims. After violent opposition at Amsterdam, the holders there became willing to accept the conversion on the abandonment of the Land Grant, and the distribution of the £200,000 stock. As it is a matter of great importance to obtain unanimity of action among Bondholders, and particularly with our influential allies in Holland, the Council employed its good offices to bring about an accommodation in that sense among the various parties, and at a meeting held on the 11th December last, the proposed modification was unanimously adopted and awaits the ratification of the Government of the U. S. of Colombia. (See New Granada Bonds Fifth Report.)

The sacrifice inflicted on the New Granada Bondholders by the abandonment of 5,000,000 acres of land is very great, and likewise the disappointment to the Government of Colombia, for it expected from the development of its lands under the judicious dispositions made a great addition to its revenues, and a great impulse to its progress. Besides this the example has been lost of requiring from the governments of America compensation in land. We know by the case of Mexico that such compensation obtained in due time might have proved of great value to the Bondholders, as California was at one time offered in compensation. In the instance before us the holders of the Hectares given in compensation on a previous occasion likewise sustain disappointment, as they might have taken part in the Colombian Land Company, and made their securities available, whereas now they are only slowly absorbed by the small purchases in Colombia, at very low rates. By the consolidation of the Hectares, the Government of Colombia would have again profited in the improve-

ment of its revenues from Land sales, materially affected by the employment of the Hectares titles. It is to be observed that on its becoming known that there was a disposition to abandon the Land Grant, propositions were made by private parties for its development on account of the Bondholders by a considerable advance of money.

Inasmuch as the former distribution of New Granada Hectares had proved of little benefit, no plan having been accomplished for their consolidation, there was not sufficient confidence prevailing as to the Land Company. It was moreover evident that the division of the Bondholders as to the New Granada arrangements was productive of further and much more serious effects, as their disunion had influenced the proposed arrangement of the Venezuelan debt, and enabled the agents of Venezuela to promote a most disastrous plan. On the restoration of harmony the Bondholders in Holland have become assured that no antagonistic feelings are here entertained towards their interest, and it is to be hoped that the good disposition which now prevails will never be again disturbed. It is now sufficiently recognizable that defaulting States so far co-operate together that they take example from each other's misdeeds, and it needs a thorough union of Bondholders to resist their aggressions, and to bring to their minds the conviction that neglect of obligation to any one class of holders will be met by certain exclusion from the united Money Markets.

The Council have continued their exertions on behalf of the Colombian Loans. By co-operation with the London and County Bank, the claims of the 1863 holders have been urged, and the Government have sent a notification that, with the view of increasing the sinking fund, the minimum remittances will be raised to 10,000 dollars per month.

Mr. Charles O'Leary, Her Majesty's Consul and Chargé d'Affaires, has continued to act as the agent of the Bond-

holders at Bogota, and to discharge with the same ability the arduous duties which have devolved upon him.

H. E. Robert Bunch, Her Majesty's Minister Resident at Bogota, who has at all times exercised a guiding influence in Colombia in favour of the Bondholders, and who enjoys the esteem of the whole country there, was this year in London. This gave the Council the opportunity of profiting by his personal counsel, to have the advantage of his presence at the public meeting, and of inviting him to a banquet given in his honour.

The Government of the State of Colombia is most anxious to secure the development of the country by the construction of a railway uniting the lowlands, the seaports, and the river navigation of the Magdalena with the temperate tablelands of Bogota. This is an enterprise on which the welfare of the country is greatly dependent, and in favour of which the good offices of the Council have been exerted.

## VENEZUELA.

### Venezuelan Committee.

J. Gerstenberg, Esq., <i>Chairman.</i>	Major Jelfs Sharpe.
Major-General R. H. J. B. Beaumont.	Major-General J. L. Vaughan,
E. Jeggins, Esq.	C.B.
E. Jonas, Esq.	Admiral Sir Provo Wallis,
J. Leonino, Esq.	G.C.B.
F. Obicini, Esq.	<i>Secretary.</i>
	H. Schirges, Esq.

The Council intimated last year, as the result of the pressure they had brought to bear on public opinion in Venezuela, the renewal of propositions for an adjustment of the debt.

Señor Guzman Blanco, President of the Republic, passed

a law assigning certain funds for this purpose, and despatched to London Señor J. M. Rojas, a partner in the house of Messrs. Boulton and Co., of Caraccas, the agents for collecting the hypothecated revenues. Señor Rojas placed himself in communication with the Council and the Committee of Venezuelan Bondholders, and there was every prospect of a satisfactory adjustment by the concession of terms more favourable than those that Señor Rojas was in the first instance charged to offer.

Unfortunately this was at the period when the holders in Amsterdam were at variance with regard to the New Granada settlement, and Señor Rojas profited by their isolation to hold a separate meeting, and by the proceedings of his agents to force the acceptance of his plan. Three meetings were held, and the large body of Bondholders, on whose behalf the Council acted, were there represented. The result was to show the necessity of large modifications in the proposed conditions, but in the alienation of the Netherland holders Señor Rojas succeeded in obtaining concurrence to a preliminary convention.

The objections to this convention are serious, and the future injury to Bondholders generally still graver, but the mischief of disuniting the Bondholders had been accomplished, and the Council, looking at the heavy interests at stake, felt compelled to forbear from more strenuous resistance, and while making every necessary effort to improve the conditions and to preserve harmony among the Bondholders, to leave the responsibility of the transactions to the parties who had engaged in them.

## ECUADOR.

The Council are not able to report the removal of the stains of repudiation from the Republic of Ecuador. So far as

they have been able, their labours towards this desirable end have not been wanting, and they believe their efforts in resisting repudiation throughout South America have not been without an effective influence on the Government of Ecuador. They look forward, therefore, with more hope for some propositions from this State. At the same time, their efforts have been seriously marred by the untoward course of proceedings affecting Venezuela. The Council have always regarded the maintenance of sound principles of action in each of the three Republics which composed old Colombia, as the best guarantee for the safeguard of each, and as the most effective means of favourably influencing public opinion in any one State. The politicians and journalists of the three States are in constant relations, divided on the same grounds, and adhering to each other more or less in the community of party ties. It is the duty of the Bondholders of England and the Continent to remain united in their policy and to preserve a common action, maintaining and promoting the credit of the honest, and inflicting penalties on the dishonest Governments.

## PERU.

The serious decline in prices has caused much anxiety to the holders of Peruvian Bonds. The Council, by their correspondents in Lima, have been put in possession of various documents bearing on the condition of affairs, and received the most earnest assurances from H. E. the President of Peru of his determination to comply with the obligations of the country. These were confirmed to the Council by H. E. Señor Don Pedro Galvez, Envoy Extraordinary of Peru in this country. The President communicated to the Council his readiness to place the deliveries of Guano under the direction of the Bondholders.

This correspondence has led to the publication, in the journals, of letters of explanation from the Minister of Peru.

The Government of Peru has directed a new survey of the Guano deposits, but this does not provide for any authentication of the results by the Bondholders.

In reference to the arrangement made by the Council with regard to the anticipating amortisation for the Six per Cent. Loan of 1870, referred to in the last year's Report, the Council found that those provisions had not been carried out, and on their representations obtained the promise of due fulfilment for the future, and the Council are now in correspondence with the Contractors on that subject.

## PARAGUAY.

The Loans of Paraguay have been subjected to great depreciation, and the Council have been in frequent communication with the representatives and Consul-General of the Republic, with the financial agents, and with other parties.

## BOLIVIA.

The state of the Bolivian Loan in the market in the course of last year, caused much anxiety to the holders, and many put themselves in communication with the Council. At their request a private meeting of large Bondholders was called, and a preliminary Committee appointed, with the view of watching proceedings, and by quiet intervention to allay, if possible, the causes of alarm.

The knowledge of this course appears to have precipitated the movements of other parties in the state of controversy, which had arisen among those concerned in the promotion of the Loan; accordingly a general meeting of Bondholders

was called by the two Trustees. This took place on July 1st. It then transpired that the Trustees did not consider themselves called upon to act for the Bondholders, and it was found desirable to appoint a Committee to take measures on behalf of the Bondholders.

This Committee was named, as was necessarily the case under such circumstances, promiscuously at the Meeting, and was placed in a still more difficult and embarrassing position. From the time that it began to act independently of the Trustees it was left without resources and organization, and in this condition had to contend with harassing negotiations, and the resistance of interested parties.

Some time afterwards the Committee again met its constituents, and laid before them a report of its proceedings, and again, at a later date, having been in conference with the representatives of Bolivia, it called a meeting of Bondholders on the 14th January, 1874.

At all the meetings the Council caused the Bondholders who had confided their interests to them to be represented, but abstained from any further intervention.

The Committee has considered it desirable to engage in Chancery proceedings to make the Trustees amenable to the Bondholders for the fund in hand, and to prevent its further appropriation, until such security is obtained. The Committee is now engaged in endeavouring to obtain the sum of £4,200 for this and other purposes, by soliciting a contribution in advance of five shillings per Bond of £100.

The Concessionnaire for the Railway and Steamboat Company resists the Committee, and claims to leave the appropriation of the funds in the hands of the Trustees.

### LOST BONDS.

The Council have received several applications in relation to Bonds lost and stolen, and have rendered their services to



Bondholders. It is their endeavour to obtain from Governments a uniform procedure in these cases favourable to the claims of justice, for so long as the Bonds are unsatisfied, the Government remains a debtor. The Council are able to report that their efforts already meet with a favourable reception from several Governments.

### UNCONVERTED BONDS.

In the case of outstanding Bonds, which have remained unconverted, belonging to the estates of persons deceased or in litigation, the Council have continued to intervene, and have obtained relief in several cases. It is most desirable that Governments shall not be supported in claims to profit by the misfortunes of their creditors or by their own default.

### REGISTRATION OF BONDS.

The subject of the registration of Bonds so as to make them personal or unnegotiable, and again negotiable and to bearer at the will of the holder, continues to occupy the care of the Council. Mr. William Westgarth, a Member of the Corporation of Foreign Bondholders, and largely connected with Colonial Securities, has pressed this subject on the Colonial Governments.

### ARREAR COUPONS.

The Council having effected an arrangement that the two arrear coupons of the Guatemala Six per Cent. Bonds should be provided for by the acceptance of Treasury Bills on the customs receipts, recommended that the coupons should be detached from the bonds, thereby leaving only the current coupon which was met in cash. This received the approval of the members of the Stock Exchange.



The coupons so detached were not surrendered to the Government, but are held in deposit on behalf of the Bondholders by their agents, Messrs. J. Thomson, T. Bonar & Co., until the Government shall have fully satisfied the substituted securities.

### CANCELLED COUPONS.

On the invitation of the Spanish Fiscal Agent, some Bondholders were induced to send in their coupons, but for which no provision had been made. By the intervention of the Council, they were restored to the holders, when a difficulty arose from their bearing the mark of cancelment. By arrangement, on consultation with members of the Stock Exchange, a stamp has been employed to mark these unpaid coupons.

### FUNDS IN CHANCERY.

An application was made by a firm of solicitors in reference to the conversion of New Granada Bonds belonging to an estate in Chancery, as to the necessity of which measure the Chief Clerk was in doubt.

At their request an affidavit was made by the Secretary of the Council attesting to the necessity for the conversion.

Many cases will arise in which useful services of this nature can be rendered to Members and Bondholders.

### CONTRIBUTIONS RETURNED.

The contributions made by the Turkish 1862 Bondholders have been returned, and all disbursements discharged without expense to the Bondholders.

The same provision is made in the Santo Domingo arrangements.

The Council are under considerable advances for Bondholders in several cases requiring outlay.

## CERTIFICATES.

The contributions towards expenses paid by the Turkish 1862 Bondholders, of 1d. per £ on their Coupons and Drawn Bonds in 1871 and 1872, have been returned by the Council on production of their receipts.

Certificates have been given by Messrs. J. Thomson, T. Bonar & Co., at the request of the Council, to the holders of the two Guatemala arrear Coupons on deposit of the Coupons, and instalments have been paid.

Certificates of deposit have been given by the Council, and the Committee at Frankfort, acting in co-operation with them, for the Alabama and Chattanooga 8 per cent. Railroad Bonds, deposited in case of being required for legal purposes in the American courts. The Certificates have been arranged in conformity by the respective Committees.

Certificates have been issued to represent the portion of 10 per cent. in the intended Colombian Land Company, assigned under the convention to New Granada Bondholders, but it now appears probable that these will be exchanged into stock.

Certificates for fractions have also been issued under the same convention.

It is proposed under the agreement with the Samana Bay Company, to issue Provisional Certificates of Deposit to the Santo Domingo Bondholders, and Certificates of claim for the balances accruing to the Bondholders on the contingent surplus which may be realised on the St. Domingo Bonds.

## FOREIGN OFFICE.

The Council have continued to receive from the Foreign Office favourable attention on the few occasions when they have requested assistance or information. These applications are made as seldom as circumstances compel, because it is not desirable either to cause trouble to H. M. Government, or to seek its intervention for trivial purposes.

With regard to more serious intervention the Council are likewise restrained, because the interests of Bondholders are generally antagonistic to any measures which can place H. M. Government in simple antagonism to that of another country, or which may cause hostile interposition which must come home in disturbance of our own commerce, besides the creation of dangerous complications. The embarrassment which is entailed on Bondholders by the mere interruption of diplomatic relations is very severely felt, as in the case of Mexico, so that our efforts are rather directed to the restoration of such relations than to any new interference with them.

The Foreign Office has so many opportunities for rendering solid services with satisfaction to itself, and to the national interests confided to its care, that any untimely call upon its action is much to be deprecated. The Bondholders have received very great assistance from H. M. representatives and officers when they have been authorised to receive payments or to supervise the collection of securities. It seldom happens that this can be so well effected by any other means, and that not only is a benefit conferred on our own citizens, but on the country which receives the service, and thereby the influence of the diplomatic body is much enhanced. The real and ultimate result of the establishment of such relations is not that the

Minister or Consul is the supporter of an importunate claimant, but by his good offices he establishes cordial relations between the capitalists here and the distant Government, the strongest yearning of which is for the means of progress.

The Foreign Office have this year afforded permission for Mr. Corbett to represent the Bondholders in Guatemala. It will be remembered that the gentleman who previously represented the Bondholders was a native of the country, and being highly connected, became involved in the party complications of the crisis, and being unacceptable to the Ministers in power, was unable to discharge his functions. The neutral position of a Minister or Consul gives him access to all parties, which is seldom enjoyed by a native, and rarely by an English merchant. Mr. Corbett has not only relieved the Government of Guatemala in its financial difficulties, and restored its credit, but has rendered acceptable assistance by obtaining attention for its proposed railway.

The services of the diplomatic and consular body are commemorated in several parts of this report, but this enumeration only shows in what manner assistance has been afforded without embracing every case.

The thanks of the Council and Bondholders are especially due to the Rt. Hon. Earl Granville, K.G., H. M. Secretary of State, to the Rt. Hon. Lord Tenterden, C.B., Under Secretary, and to the Rt. Hon. Viscount Enfield, Under Secretary, for their continued attention to our interests.

## STOCK EXCHANGE.

The Council have benefited by the friendly offices of the Stock Exchange on many occasions. The consolidation of the organisation of the Bondholders, while it promotes the

policy initiated and pursued by the Committee of the Stock Exchange, tends to relieve it from many troublesome applications, enabling it to devote its action and influence with greater effect to the important cases which may come under their special jurisdiction. The example given by the Stock Exchange has had a material effect on the similar institutions of the Continent and of the United States.

### BOURSES.

The Council are in friendly relation with the presiding bodies of the Continental money-markets, and the union of all these establishments for common objects has been still further confirmed.

The Bourse of Amsterdam, so long engaged in Foreign Stock operations, has rendered valuable aid to the general cause. With this, as with other important bodies, discussions on separate views of respective interests may be expected to arise, but while such are openly conducted, they will tend to foster the spirit of independent action, and thereby to strengthen rather than to weaken the general power. In fact, the Bondholding interest have far more to fear from supineness than from divergence of expressed opinions. The holders in Holland have rendered prominent service in the Greek cause, and have shown a firm determination with regard to all cases of repudiation, old or new. The Bourse of Rotterdam has manifested its public spirit in support of that of Amsterdam.

The Bourse of Brussels, with its ally at Antwerp, is taking an increasing share in Foreign Loan investments, and it has been found necessary to provide more fitting accommodation for the transactions in a new building. These Bourses come forward with great readiness to enforce every vindication of the principles of credit.

Among the Bourses of Germany, that of Frankfort, or the

Handelskammer still maintains the lead in all that relates to foreign investment, and the Bondholding community are under great obligations to it for its resolute and intelligent spirit. Dr. Jules Levita, the Delegate of the Council in Germany, has rendered very essential service in supporting the Council through the action of the Handelskammer on many occasions, and in enforcing its example on the other Bourses.

The Stock Exchange of New York, largely interested for holders of Southern securities, has distinguished itself by rendering an important judgment on the Virginian Conversion. This has tended to restrain the issue of the new Bonds, which the Legislature had attempted to force on the holders, and will very probably lead in this session to a repeal of the obnoxious enactment.

One result of the more active policy of the Bourses will be the formation of local Councils of Bondholders, because the Committees find the charge of these interests too heavy a responsibility, and are the more convinced from the experience afforded here that the separate organisation of the Bondholding interest is in itself a great source of strength, which may be brought to bear in alliance with the operations of the Money Market. Several overtures have been made to the Council in promotion of plans of this nature.

An American Council of Foreign Bondholders is in an advanced state of organisation, and is based on the plan of the Council here, of which many details are textually adopted. It proposes to deal with the whole class of American Securities, State and Corporate. Its founders have put themselves in correspondence with the Council in the view to promote joint action.

## AGENCY, MISSIONS, AND CORRESPONDENTS.

One important area of action for the Bondholders is the establishment of their agents in the various centres of operation. This is necessarily a measure slow in its development, and must be slow if success is to be ensured. The Council have, in the preliminary stages, to avail themselves of various modes of assistance.

Dr. Jules Levita has now, for a considerable time, acted as Delegate of the Council for Germany, and his services are referred to in various portions of this Report.

Captain Stab, named as Acting Agent at Constantinople for Turkey, Egypt, Roumania, Greece, Servia, and Tunis, was appointed Agent of the Council. The relations of this department are described under the several heads.

In Greece they have been assisted by Mr. Louis Drucker, the representative of the Netherlands Bondholders.

To Italy the Council have directed more than one Mission.

In Spain, Mr. Hamilton has been appointed as Acting Agent, the state of affairs in that country requiring constant attention.

In the United States, the Hon. David A. Wells is acting on behalf of the Council in the principal transactions, but relations are being maintained with various districts. In the course of last year, Mr. George Artingstall, a Member of the Corporation, undertook an important mission to Virginia and the repudiating States.

The Council have profited by every opportunity to awaken the Government of Mexico to a state of its duties, through Members of the Corporation and others visiting the country.

In Central America, the Council have been effectually represented by H.E. Edwin Corbett, H.M.'s Minister Resident, and Mr. Scholfield, H.M.'s Consul at Guatemala, and measures are being taken to extend the operations of the Corporation.



The representation in Colombia continues in the hands of Mr. O'Leary, H.M. Vice-Consul of Bogota, under the advice and occasional intervention of H.E. Robert Bunch, H.M. Minister Resident. The Council regret that the change in the mode of supervising the receipts consequent on the conversion, deprives the Bondholders of the active services of several of their agents, at Santa Marta of Mr. Fredk. Stacey, H.M. Vice-Consul, an old and tried friend of the Bondholders; at Baranquilla and Sabanilla, of his colleague, Mr. Michael Constantine, H.M. Vice-Consul, who has displayed much zeal in their behalf; and at Cartagena, of Mr. Hugh Mallet, H.M. Consul. The latter, newly entered on his office, offered a promise of valuable co-operation, which it is to be hoped will be of profit to the Bondholders in some other sphere of public employment.

The correspondents of the Council in Peru and Venezuela have enabled them to exercise a useful vigilance in regard to the interests of the Bondholders.

In addition to the direct relations of the Council in the various countries, it is to be observed that they are no less maintained by conference with influential visitors to this country, and in this manner there is scarcely a State however remote in which the policy and claims of the Bondholders have not been enforced on the authorities, and in some cases the influence of allied nations brought to bear.

The Council feel it a duty to attest to the very great benefit which the Bondholders have received from those members of the Diplomatic and Consular body, who, during their sojourn at home, have ever shown themselves ready to promote the interests of their fellow-countrymen. The Council in naming H.E. the Rt. Hon. A. H. Layard, H.M. Envoy in Spain, H.E. Robert Bunch, Minister Resident in Colombia, H.E. Fredk. Hamilton, H.M. Minister Resident in Ecuador, H.E. Edwin Corbett, H.M. Minister Resident in Central America, only enumerate some of those who, at



home and abroad, have proved good friends of the Bondholders.

## GENERAL MEETINGS.

The acquisition of the Councilhouse in Moorgate Street has enabled the Bondholders to meet in their own building, and has provided a recognised place of assembly, as well as an address for Committees and officials readily accessible to Bondholders. Great inconvenience was formerly experienced, as the Committees occasionally had no address but a private office, which was not to be found in the Post Office Directory. In some cases the Committee had been practically defunct for years, and was revived for an occasion, when often its existence was forgotten. Enquiries were baffled, and the Bondholders from the country returned without information or satisfaction.

The meetings held in the Councilhouse during the last year include a Virginian Conference, and general meetings of the holders of the Alabama, New Granada, Santo Domingo, Costa Rica, North Carolina, and other Loans.

Most of the Committee are seated there, as also the Joint Commission for the Ottoman Loans of 1858 and 1862. Some Committees have been dissolved, their labours having closed, and new Committees have been formed during the year. A large accession of strength to the working power of the institution has thus been obtained, which will be available on future occasions as the course of business is generally understood. A very much greater number of Bondholders has also thereby been brought into connection with the Corporation.

The Council have now been enabled to print Rules and Regulations for General Meetings and Committees, which

embody the results of experience, and will be modified as circumstances may hereafter require. These Rules being given to each Bondholder as he enters a meeting become widely known, and by arranging a general procedure on matters of detail, tend to save time in discussion, and to promote effective union.

The mode adopted for some time past by the Council for appointing Committees works satisfactorily, and avoids the difficulties of the previous want of system, and the chance selection or pre-arranged nominations of miscellaneous meetings. Those Bondholders who take sufficient interest, freely offer themselves as members of the Committees, and in co-operation with the staff of the Council are able to carry out the required measures. Thus, when a decision has to be arrived at, it is discussed and determined by those who are really representative men among the Bondholders, whether of large or small holding, and the policy agreed upon is submitted to a general meeting with virtual guarantees for its acceptance. Where interests are fluctuating, as among Bondholders, and where an actual delegation cannot be accomplished, a small and loosely constituted Committee seldom succeeds in long retaining the practical representations of its normal constituents.

The Bondholders, it will be seen, are by no means debarred from the prerogative of holding independent meetings and forming independent committees, although the advantages of co-operation are so great that there can seldom be a sufficient ground for such separate action. That the power of putting it in force exists, is a salutary security to the Bondholders against any possible abuse of power hereafter by their colleagues and representatives in the Corporation.

It must not, however, be forgotten that there is an opening for abuse. Others besides Bondholders are sometimes greatly concerned in convening meetings and forming committees, and it is not difficult to conceive that personal

objects may be pursued or a gainful trade may be carried on in organising such meetings. It is not impossible to engage persons for a small fee, who, acting under trained leaders, shall counteract the real Bondholders, and, by the aid of a hired chairman and advocates obtain public votes of a very mischievous tendency. By the insertion of anonymous advertisements it is also open to unscrupulous adventurers and ill-disposed persons to obtain the names of unwary Bondholders, who are made to give a character of reality and validity to proceedings of equivocal and dangerous tendency. Thus, when the intervention of the Council is sought by aggrieved Bondholders, obstacles may have been purposely interposed to effective action, and dissension created among the Bondholders.

## PUBLICATIONS AND ANNOUNCEMENTS.

The principal publications of the Council during the year have been the following :—

NEW GRANADA BONDS, FOURTH REPORT.

NEW GRANADA BONDS, FIFTH REPORT.

SANTO DOMINGO BONDS, FIRST REPORT.

SANTO DOMINGO BONDS, SECOND REPORT.

MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE CORPORATION.

RULES AND REGULATIONS OF THE CORPORATION.

RULES AND REGULATIONS FOR COMMITTEES AND GENERAL MEETINGS OF BONDHOLDERS.

The activity of the Council has been more shown in the numerous announcements communicated to the newspapers and telegraphic agencies in London, the provinces, and indeed it may be said on the Continent, the United States, and elsewhere. The early publication of information, while it is acceptable to the press, at once places important

communications before the parties interested, who are put on a fair footing in their transactions.

The press are thus enabled to devote by such intelligence, and their own observations thereon, a more careful oversight to the great interests now involved in Foreign Loan Investments.

At the same time Foreign Governments have found it useful to seek the authentication of their communications by the Council.

These announcements are not only conveyed to the Stock Exchange, but in all special cases to the Bourses of the Continent, and the Agents of the Council throughout the world, who are in a position to give official intelligence and advice to Foreign Governments and financial bodies.

## RECORDS.

The collection of information on each Loan has proceeded this year, and is in an advanced state, but the progress made only shows at each step the great necessity for more information as to the past, and fuller information as to the present. Considering the few years the Council have been in existence, and the limited extent of their early efforts, it is satisfactory to have collected the present materials, which afford great assistance as emergencies arise, which meet the demands of individual applicants.

The Council have begun the collection of books and documents for the Library of Records and Reference. As yet the chief contributors have been various departments of the United States, under the liberal influence of the Hon. Mr. Richardson, Secretary of the Treasury. This department is intended ultimately to include all that is requisite to illustrate the financial and industrial conditions of each country in the world. The co-operation of Bondholders at home, and of Governments and public bodies throughout

the world is essential for the early accomplishment of this important undertaking.

### TRUST ASSOCIATIONS.

It has been the natural consequence of the success of the Foreign and Colonial Trust that the number of such associations has been much increased. In the public estimation they offer, in conjunction with private investments, a useful mode of averaging operations in the case of the wealthier classes, while to small capitalists they give the means of making a safe beginning. As nothing can be more inadvisable than to stake all in one or two loans, the small holder prefers to resort to a Trust Company.

One result of the Trust Companies is to spread a knowledge of such investments among the community; and this must greatly stimulate the employment of capital for such purposes. Some suppose that such engagements favour reckless speculation, but the experience of Holland is now found to meet with confirmation in this country, that the holders of securities having high interest are led to cultivate habits of saving. Thus they not only provide against contingent hazards, but become accumulators of capital. A casual disaster arrives as a timely warning not to dissipate the promising income even of an old-established stock.

The organisation of these large companies, being conducted with intelligence, exercises a very great and salutary influence, which will be the more felt in the future. As they are able to take a leading part in operations they will be able to encourage the more deserving proposals for obtaining money by public subscription. The occasions which arise for co-operation with the Council and Committees give the general body the advantage of the counsel and assistance of the men of standing and ability who are engaged as trustees or otherwise in the conduct of the affairs of these large institutions.

It will be noticed that great corporations are growing up, which in their sympathies must be altogether allied with the Bondholders, and give a new element of stability to the general body, and which even the co-operation of large individual Bondholders did not so well afford.

## UNION OF BONDHOLDERS.

Every measure of the Council tends to promote that union of the Bondholders which constitutes a real force against their antagonists. So long as separate action was the rule there was no desire to employ the force of one body of holders against the adverse government of another loan, nor was it indeed possible. It necessarily followed that beyond the Committee of the Stock Exchange, or perhaps the contractor for the loan, a new Committee had no allies, and had to enter on its contest with unequal forces.

This state of affairs is now undergoing a change. Not merely a body of Bondholders, but an individual Bondholder, now knows that any serious ground of complaint will be sustained by powerful combinations. At each step the course of action against one is now made to tell on all repudiating governments, which, though they may copy the evil examples of each other, constitute no union as against Bondholders.

The very association of Bondholders brings with it elements of independent influence, the full value of which is little appreciated. It does not lend money like the great financial establishments and parties of bankers, it does not influence prices in its dealings, nor exercise an oversight over quotations like the members of the Stock Exchange and Bourses, but the negative power of withholding money even from these, as well as from the aggrieving government, exercises its own effective influence when applied at a proper time. This power is not felt by a government in the

early stages of its financial engagements, but it can be brought to bear most powerfully at the later periods.

Its application depends primarily on the degree of organisation in this country, which now possesses the Money Market of the world. This becomes more assured by the intelligence and combination of the Bondholders generally, and which they themselves must bring into action. It further depends on a real and cordial union with our friends in Holland, Germany, France, and Belgium; and it will be greatly promoted by that disposition to maintain public credit in the United States which is manifested as well by the Federal Government as by the capitalists of the Northern States.

Already Greece, Ecuador, the Southern States of the Union and other defaulting States find that a competition among the financiers of Europe to obtain the commissions on their loans is checked, and that it is not possible to find an open market when one has been closed. The further development of restrictive measures will bring such Governments as those of Italy to a sense of their duty towards Bondholders, and render all amenable to enlightened public opinion, which will make itself felt as well as heard.

In such measures the action of the least considerable Bondholder, and particularly of those who are indifferent, is not without moment. Each Bondholder who sends in his name to be recorded contributes at least to the means of general organisation. It has been more than once used as a weapon against Bondholders that they are not known, and that their representatives have no title to advocate their interests and enforce their claims. The first measure of resistance with those in default is to question the powers and rights of those who intervene, and even to claim in some cases that they by resistance are protecting the property of the Bondholders against depreciation. Even the



vote of a general meeting is opposed ; sometimes on some technical plea of municipal law, that it does not represent every Bondholder ; sometimes on the allegation that it is not known whether a meeting represents Bondholders or strangers. Thus step by step repudiation has to be combated, for beginning in dishonesty, it is always abetted by corresponding expedients.

In some cases the Council have been able to send notifications to the large majority of holders of a loan, but so many investors in the country are represented by a banker or a broker that it is not possible to reach many persons interested, who are exposed to disappointment in consequence. This evil is gradually lessened as holders put themselves in correspondence with the Council, to their very great advantage in many instances.

## DEATHS.

The Council, while commemorating the favourable progress of events, cannot do so without calling the attention of the Bondholders to the loss they have sustained in the deaths of some among them, to whose exertions all are indebted for our present advancement.

Foremost among these must be placed the name of Thomas Baring. This gentleman, apart from the position he held at the head of the great financial house of Baring Brothers, was personally known to Bondholders from the part he took in all transactions where their interest was concerned. At meetings of Bondholders, and in conferences with the Foreign Office, his voice was listened to and his counsel sought. The Council cannot be unmindful that the early steps in its foundation were taken in consultation with Mr. Thomas Baring.



David Robertson, Lord Majoribanks, better known by the former name, was not only a Bondholder of very large holdings in the various stocks in which he took an interest, but was prominent in those Committees by which our policy with defaulting States has been brought to its present organisation. Possessed of great energy and activity of character, Mr. Robertson rendered very great service, notably on the Buenos Ayrean Committee, as also on the Mexican and others. In the various Spanish arrangements he was in constant correspondence and consultation with the Council, to which he had given a cordial co-operation. Some of his latest letters were addressed to the Council on Spanish matters.

Lord Westbury, being the Chairman of the Foreign and Colonial Trust, acceded to the request of the Council to accept the Chairmanship of the General Spanish Committee. His organisation of the system of financial Trusts has made him known to many, and will cause him to be long remembered; but those in the Council who were brought into communication with him were aware that in his liberal range of knowledge and attainments he had many qualities which rendered him of value to our interests, and make his loss the more sensible. He had a close and keen acquaintance with the policy and finance of Spain, Italy, and many other countries, and extending his sphere of knowledge of our own law to its wider principles, he was able to bring to bear on transactions a clear judgment of their relations to international or local law, and to the dictates of recognised policy.

Mr. Coles Child rendered such services in the active capacity of Deputy-Chairman of the General Committee of Spanish Bondholders, that his untimely loss was severely felt by his colleagues when new complications affected Spanish finance.

## RECAPITULATION.

Extensive as the enumerations have been in this report of the transactions which have come under the cognizance of the Council, it will be well understood that it can afford only a general review. In the course of the year thousands of letters are received from Bondholders and despatched to them, dealing with many questions of interest, and the information and advice required in connection with which are obtained by the friendly communications of the officers and members of the Stock Exchange, financial houses, and it may be said establishments and persons throughout the world.

Satisfactory as this report must be deemed to be, the labour is still utterly inadequate to the requirements of the vast interests at stake. The public spirit of many leading Bondholders has now provided for the general benefit an endowment fund by their contributions, and the formation of a suitable establishment for the conduct of business. Those provisions have greatly promoted the action of the Corporation, to which they have given stability, which has also been ensured by the license of incorporation granted by the Board of Trade.

Above all, the Council must repeat at the close what they have several times declared, that the active and attentive co-operation of the Bondholders themselves, in whose behalf these efforts are made, is a chief element of future strength, and the measure of attainable success.

By Order of the Council,

J. GERSTENBERG,

*Chairman.*

HYDE CLARKE,

*Secretary.*

Council of Foreign Bondholders,  
Councilhouse, 10, Moorgate Street, London, E.C.

17th February, 1874.

SECOND ANNUAL GENERAL REPORT  
OF THE COUNCIL  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

*Incorporated on the First of August, 1873,  
by Licence of the Board of Trade.*

---

FOR THE YEAR 1874.

---

TO BE SUBMITTED TO THE GENERAL COURT OF  
MEMBERS OF THE CORPORATION,  
CONVENED FOR WEDNESDAY,  
THE 17TH OF FEBRUARY, 1875, AT 12 O'CLOCK NOON,  
AT THE COUNCILHOUSE, 10, MOORGATE STREET,  
IN THE CITY OF LONDON.

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L O N D O N :  
COUNCILHOUSE, No. 10, MOORGATE STREET,  
9TH FEBRUARY, 1875.



SECOND ANNUAL GENERAL REPORT  
OF THE COUNCIL  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

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COUNCILHOUSE, No. 10, MOORGATE STREET,  
9TH FEBRUARY, 1875.

# THE CORPORATION OF FOREIGN BONDHOLDERS.

*Incorporated by Licence of the Board of Trade,  
1st August, 1873.*

NOTICE IS HEREBY GIVEN, that the SECOND ORDINARY GENERAL COURT of the CORPORATION of FOREIGN BONDHOLDERS will be held at the COUNCILHOUSE, No. 10, MOORGATE STREET, in the City of London, on WEDNESDAY, the 17th day of FEBRUARY, 1875, at Twelve o'clock noon:—

To consider the Report of the proceedings of the Council; some additions to, and modifications of, the Rules and Regulations; the Statement of Accounts made up to the 31st December, 1874; to elect Auditors for the ensuing year, and to transact all such other business as may be transacted at Ordinary Meetings of the Corporation, and to pass Resolutions thereon.

By Order of the Council,

HYDE CLARKE,  
*Secretary.*

COUNCILHOUSE,

10, MOORGATE STREET, E.C.,

9th February, 1875.

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## MEMBERS OF THE COUNCIL.

ISIDOR GERSTENBERG, Esq., *Chairman.*

THOMAS MATTHIAS WEGUELIN, Esq., M.P. } *Deputy*

SIR JOHN LUBBOCK, BART., M.P., F.R.S. } *Chairmen.*

GENERAL SIR GEORGE BAL-  
FOUR, K.C.B., M.P.

FRANCIS BENNOCH, Esq.

GEORGE AUGUSTUS FREDERICK  
CAVENDISH BENTINCK, Esq.,  
M.P.

LIONEL N. BONAR, Esq.

JOHN HENRY DANIELL, Esq.

ROGER EYKYN, Esq.

R. N. FOWLER, Esq.

FREDERICK ALERS HANKEY,  
Esq.

GROSVENOR HODGKINSON, Esq.

THE HON. ARTHUR KINNAIRD,  
M.P.

ALEXANDER VISCOUNT KIRK-  
ALDIE.

SIR FRANCIS LYCETT.

CHARLES MAGNIAC, Esq.

ROBERT MARTIN, Esq.

HON. HUGH McCULLOCH.

SAMUEL MONTAGU, Esq.

JOHN PATERSON, Esq.,  
ALDERMAN.

SIMON REUTER, Esq.

SIR JOHN ROSE, BART.,  
K.C.M.G.

SIR PHILIP ROSE, BART.

GEORGE SCHLOTEL, Esq.

CORNELIUS SURGEY, Esq.

WILLIAM TROTTER, Esq.

HENRY TUDOR, Esq.

ADMIRAL SIR PROVO  
WALLIS, G.C.B.

GEORGE WYTHES, Esq.

*Secretary.*

HYDE CLARKE, Esq.

Chief Translator and Superintendent of Records.

H. SCHIRGES, Esq.,

*Assistant Secretaries.*

E. KOZHEVAR, Esq. | H. V. LINDON, Esq.

Standing Counsel and Draftsman.

T. W. SNAGGE, Esq.

*Solicitors.*

Messrs. J. TRAVERS SMITH AND CO.

Messrs. NORTON, ROSE, NORTON, AND BREWER.

*Notary.*

WILLIAM GRAIN, Esq.

*Bankers.*

Messrs. ROBERTS, LUBBOCK, AND CO.

*Advising Engineer.*

THOMAS RUMBALL, Esq., M.I.C.E.

# SECOND REPORT OF THE COUNCIL OF THE CORPORATION OF FOREIGN BONDHOLDERS.

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## REPORT OF THE COUNCIL

*On the Financial Situation and Administration of Affairs  
of the Corporation*

FOR THE YEAR 1874.

THE accompanying accounts show that the sum paid by the Permanent Members of the Corporation has undergone a slight modification during the past year. The Council have resolved to confer the privilege of Permanent Membership henceforth only upon such Bondholders as, from their position, shall be likely to be of service to the general interest.

It is intended to invite the bondholding public at large to join the Corporation, as Life Members and Annual Subscribers, as soon as the arrangements for rendering important services and advantages shall have been more fully developed.

The subscriptions will form an additional source of income, which at present consists of dividends on investments, charges to special Commissions of Bondholders acting in co-operation with the Council, for the use of the offices and staff of the

Corporation ; payment for agency for superintending the collection of revenues assigned to some foreign loans, and from charges on effecting arrangements of foreign bonds under default.

These items, although as yet only partially received, have more than sufficed to cover the expenditure of the year ; and when finally collected, will enable the Council to effect a repayment with five per cent. interest of a not inconsiderable amount of the Bonds of the Permanent Members. The entire capital of the Corporation is invested in the premises of the Councilhouse, in public securities, and in outlays for various Bondholders' Committees.

From the general report of the Council it will be seen how numerous are the transactions already in hand, and from the condition of several Foreign Loans in the market, it is evident that the business of the Council will be considerably augmented. It may be safely assumed that the matters under consideration, when carried out, will produce a revenue sufficient to discharge the advances of the Permanent Members. Although the speedy refunding of the sum of £100, contributed by each Permanent Member, is not a matter of paramount importance, as the great advantage to be derived from the institution is the protection of the interests of the holders of Foreign Bonds, yet it is highly desirable on other grounds. So long as the Council feel that they deal with the funds supplied by the original subscribers for the benefit of the whole bondholding community, they deem it their duty to be very economical in their disbursements and to stipulate for some return in case of successful arrangements, as provided by the following clause of the rules and regulations.

64. " The expenses incurred by the Corporation in the  
 " arrangement of a Foreign Loan under default, and a fair  
 " and moderate commission (applicable towards the public

“ objects of the Corporation, and the gradual repayment of  
 “ the funds advanced by the Permanent Members of the  
 “ Corporation) shall be paid by the Government with which  
 “ the arrangement has been effected. In cases where that  
 “ condition cannot be fully obtained from such Government,  
 “ the Council will urge its partial compliance, and failing  
 “ therein, the expenses and commission shall be paid by the  
 “ Bondholders, by a *pro rata* contribution.”

In cases of arrangements of Foreign Loans, there are generally some parties antagonistic to a settlement, and often either the negotiating Governments or some Bondholders wish to enforce their own peculiar views or terms upon the Council, which may be contrary to the general interest. On such occasions these several parties have an easy means of attack, by suggesting that the Council is influenced by the motive of effecting a settlement on account of charges to be made for the services rendered. Those indulging in such insinuations are fully aware of their groundlessness; the Council render their services gratuitously, no profits are divisible among the Members of the Corporation, and the whole revenue (after repayment of the advances of the Permanent Members) is applicable exclusively to the public and general objects of the institution. Yet it might occasionally weaken and embarrass the action of the Council in important cases, when a large outlay for the appointment of official agents and Special Commissioners abroad may be required, to be restricted on financial grounds as to such outlay. The refunding of the advances received, and the possession of a sufficient fund derived from the sources above enumerated, will enable the Council to incur, whenever necessary, the whole outlay required, irrespective of any condition of eventual repayment, and this alone will effectually put a stop to such insinuations as have been alluded to. Three Members of the Council have recently

gratuitously undertaken important missions at great sacrifice of time and convenience, namely :—The Chairman, Mr. Gerstenberg, to the Congress of International Law at Geneva, Mr. Hugh McCulloch to Virginia, and Mr. Roger Eykyn to Madrid.

The advantages conferred, and the services rendered to the Members, were thus described in the Report of last year :—

“A convenient Reading Room has been prepared for the Members. Besides English newspapers and financial periodicals, a number of foreign journals have already been provided, and official gazettes and journals from all countries which have contracted loans in England will be collected, as also all pamphlets, publications, reports and documents that may appear on the subject of Foreign Loans. A Library, to consist of a complete collection of works on finance, commerce, railways, public works and political economy, especially as relating to foreign countries indebted to British Bondholders, is in course of formation. The Government of the United States and other countries have kindly made a valuable contribution to this undertaking, and there is reason to expect similar acts of courtesy from other Governments. It has been suggested by some Members that lectures on subjects of Foreign Securities should periodically be given from time to time in the Hall of the Corporation, and the suggestion will be duly considered. The Council have appointed agents in various countries, from whom they receive valuable information, which they place at the disposal of the Members. Measures are being adopted for appointing agents in every country in whose financial position the Bondholders are interested. The Council have in many instances given letters of introduction to Members of the Corporation to their Foreign Agents. The Council have always been ready to lend their good

offices to Members in their relations with Foreign Governments, and they have been able to render valuable assistance in cases of unsettled claims, of concessions requiring extension of time, of lost and stolen Bonds, by supplying authenticated certificates, and in various other ways.

“To the numerous Members who have applied verbally or in writing, every information procurable by the Council has been given respecting the conversion of Bonds, the payment of Coupons, and all other subjects relating to Foreign Bonds.

“The foregoing are some of the advantages incidental to membership of the Corporation, but the chief objects of the institution are the vindication and protection of the rights and interests of the holders of Foreign Bonds, and the maintenance of the public credit of Foreign Governments, by the propagation of sound doctrines with respect to the punctual fulfilment of their financial engagements, especially towards foreign creditors.”

From the General Report of the transactions of the last year now presented, it will be seen that the above programme has been adhered to, and carried out to a great extent, especially as regards the increase of the library, journals, and financial documents, and the means afforded to the Members and the general public for obtaining information on numerous important points. In some cases, that information has been of especial value; where holders of bonds of old dates and of unconverted bonds and certificates were unable to ascertain the mode of dealing with them, the Council procured the information which enabled them to encash them, or realise their value. With the view of giving to the Members still further facility for obtaining with the least trouble information on any subject of interest respecting Foreign Bonds, it is proposed to furnish each Member who



shall apply for the same with a book of printed forms of inquiry, with counterfoil, to be addressed to the Secretary. A form is enclosed, and the Council will be glad to receive any suggestions for improvement.

The above Report, and the Statement of Accounts, and some modifications and additions to the Rules and Regulations, are hereby submitted to the Members for their consideration and adoption. The election of Auditors for the current year will also take place.

I. GERSTENBERG, *Chairman.*

HYDE CLARKE, *Secretary.*

## YEARLY REPORT ON TRANSACTIONS, 1874.

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The Council resume their task of laying before the Members of the Corporation and the Bondholders a brief account of some of their chief transactions carried on in their common interest.

### SPAIN.

#### Spanish General Committee.

The Right Honourable Lord Hampton, G.C.B., <i>Chairman</i> .	Chas. John Croke, Esq. Colonel the Honourable H. B. Dalzell.
I. Gerstenberg, Esq., <i>Chairman of the Council of Foreign Bondholders</i> .	Geo. Dibley, Esq. R. Dixon, Esq. W. Duncan, Esq.
Augustus B. Abraham, Esq.	Roger Eykyn, Esq.
General Sir George Balfour, K.C.B., M.P.	J. Figgins, Esq., Alderman. Henry I. Fotherby, Esq., M.D.
Dr. A. Benisch.	Captain T. Fuller.
F. Bennoch, Esq.	Commissary-General R. M. Gardiner.
W. H. Bishop, Esq.	James Gardner, Esq.
A. Blackborne, Esq.	Robert Gardner, Esq.
Lionel N. Bonar, Esq.	John Goddard, Esq.
Sir Antonio Brady.	Wm. Grain, Esq.
Edmund Burke, Esq.	G. de G. Griffith, Esq., M.D.
Andrew Cassels, Esq.	W. Griffith, Esq.
M. Castello, Esq.	Rev. W. B. Harrison.
Ed. Chadwick, Esq., C.B.	Spencer Herapath, Esq.
John Collinson, Esq.	Geo. Herring, Esq.
Captain Craigie.	Rev. W. Hodgson.
Robert Crawshay, Esq.	

W. Hopkinson, Esq.	Christopher Rowlands, Esq.
E. J. Hutchins, Esq.	Thos. Rumball, Esq., C.E.
E. Jeggins, Esq.	Sir Charles Russell, Bart., M.P.
Jas. Birch Kelly, Esq.	Dr. Max Schlesinger.
Thos. Kent, Esq.	Thomas Sidney, Esq., Alder-
Capt. Gilbert T. Key, R.N.	man.
Arthur Kimber, Esq.	H. Skynner, Esq.
G. I. Leon, Esq.	H. Solomon, Esq.
C. E. Lewis, Esq., M.P.	General Edward Studd.
Chas. Magniac, Esq.	C. Surgey, Esq.
W. H. Mogg, Esq.	John Vade, Esq.
Rev. M. N. Nathan.	General J. L. Vaughan, C.B.
H. N. Nissen, Esq.	Lieut.-Col. Vickers.
A. Northen, Esq.	Hon. Fredk. Walpole, M.P.
Parkinson Oates, Esq., M.D.	Chas. Waring, Esq., M.P.
John Paterson, Esq., Alderman.	Count M. G. de Wczele.
H. A. Powell, Esq.	J. H. Wolton, Esq.
M. J. Power, Esq.	Edwd. Wright, Esq.
C. W. Price, Esq.	G. Wythes, Esq.
J. Remfry, Esq.	<i>Secretary of the Committee.</i>
D. Robinson, Esq.	Hyde Clarke, Esq.
Chevalier de Rosaz.	
Sir Philip Rose, Bart.	<i>Agent in Madrid.</i>
L. M. Rothschild, Esq.	John Hamilton, Esq.

On the death of Lord Westbury, Lord Eustace G. Cecil, M.P., accepted the Chairmanship of the General Committee of Spanish Bondholders but before he could exercise his functions he was compelled to withdraw, in consequence of taking office under the present Government.

Under these circumstances it was a source of gratification to the Bondholders that Lord Hampton, G.C.B., himself a Bondholder, and a statesman well known on the Continent, consented to become Chairman. He has continued to fulfil the duties of that office, and has rendered invaluable

service to the Bondholders in his place in the House of Lords, in conference with the Secretary of State for Foreign Affairs, in the conduct of the negotiations, and in presiding over the deliberations of the Bondholders.

Early in 1874, the Minister of Finance of Spain, Señor Echegaray, showed a disposition to settle the two overdue coupons of the External Debt by means of Pagarés of Río Tinto and of Bienes Nacionales. These Pagarés are Mortgage Bonds for the payment of the annual instalments of the purchase money of the Río Tinto Mines and other national property.

Negotiations were unremittingly carried on simultaneously in London and Madrid; at the latter place by the Resident Agent of the Council and two special delegates accredited for that purpose. The definite proposal of the Government was officially communicated to the Council through the Spanish Ambassador in London on the 28th February, 1874. A General Meeting of the Bondholders was convened for the 6th March, when the proposal of the Government was accepted all but unanimously.

The necessary formalities having been duly complied with, a definite contract with the Government was signed on the 4th April last, and approved by the Council of Ministers.

Señor Echegaray proceeded to fulfil his engagements, and had every prospect of being rewarded by a revival of the credit of Spain. The Council obtained the payment of £265,000 to redeem the first Pagaré, constituting the binding consideration for the contract, and the Río Tinto Pagarés were forwarded to the Fiscal Agency in London, to be deposited in the Bank of England.

Difficulties, however, arose in connection with the delivery of the Bienes Nacionales Pagarés, against which a prior claim was set up by the Banco Hipotecario of Madrid. During the negotiations which ensued, a change in the

Spanish Cabinet took place; Señor Camacho replaced Señor Echegaray as Minister of Finance, and with him the negotiations were for some months fruitlessly continued.

On the 28th June, official decrees of the Minister were published, which appropriated to other purposes the Rio Tinto Pagarés and the Pagarés of Bienes Nacionales, which had been solemnly pledged to the Bondholders, and proposing as an alternative, settlement of the three coupons—a third then becoming due—a system of quarterly Dutch Auctions, in which all the holders of coupons were periodically to bid against each other for the lowest sum at which they were willing to participate in the distribution of a portion of the money. Delegations of £250,000 quarterly on the Bank of Spain, forming part of this scheme, subsequently turned out to be unavailable.

The injury inflicted on Spain by the failure of this scheme so seriously impaired the credit and contracting power of the country that the revenues had to be hypothecated for trivial advances, partly in coupons and paper, leaving the Treasury entirely denuded of funds.

The publication of this decree, and the removal from London of the Rio Tinto Pagarés rendered it necessary to make an appeal to the Foreign Powers having representatives in Spain, or whose subjects were aggrieved.

Every possible measure was taken by the Council for the protection of the Bondholders.

A formal protest was lodged at Madrid against what was deemed a breach of faith. The public press of Europe, and to some extent that of Madrid, strenuously supported the claims of the Bondholders.

Some intimation of a genuine desire on the part of the Government of Marshal Serrano to effect a settlement with the Bondholders having eventually been received here, Mr. Roger Eykyn, a Member of the Council, undertook the task

of representing the Bondholders, and proceeded to Madrid on the 4th December, provided with the necessary instructions and powers, and accompanied by Mr. Ewart, a member of the official staff of the Council. Certain bases for a modified contract were agreed upon between Mr. Eykyn and the Minister, comprising a settlement of the three overdue coupons, by delivery to the Bondholders of the Rio Tinto Pagarés for about 30 per cent. of the amount of such coupons, and, for the balance, Three per Cent. External Bonds at the rate of 40 per cent. Approval, by a general meeting, preliminary to the conclusion of a definite contract, was insisted upon. Mr. Eykyn accordingly returned to London, and rendered an account of his mission to the general meeting of Bondholders, held on the 29th December, Lord Hampton in the chair. The meeting accepted, by an overwhelming majority, the bases of the modified arrangement.

Although, as might be expected, some objections were put forward by a few dissentients, the conviction ultimately prevailed, that in the present denuded condition of the Spanish Treasury, it was out of the question to look for payment in cash, and that the refusal of the securities offered, comprising in part negotiable promises to pay, would only result in their being diverted elsewhere.

Subsequent events have amply confirmed the wisdom of the decision arrived at, for it is no secret that the finances of Spain are being strained to the utmost to provide means for the re-establishment of the Government. Other coupons, it must be remembered, will be falling due, and the accumulation of debt might ultimately become too great to be met—a state which could in no way conduce to the interests of the Bondholders, whose prospects depend upon the pacification of Spain and the improvement of her resources.

Within two days of the Meeting of the Bondholders, a

general movement placed Don Alfonso on the throne of Spain, but the Council had already, in the anticipation of all contingencies, provided for pressing the completion of the contract. Mr. Eykyn, without delay, and at great personal inconvenience, again departed for Madrid, and so well profited by circumstances that, not only was the contract completed with Señor Salaverria, appointed Minister of Finance, but it received the sign manual of the newly-installed King as one of the first acts of his reign.

The execution of this contract and the adoption of the necessary arrangements will now occupy the attention of the Council, as well as the adjustment of the fourth coupon due on the 31st December, 1874.

The straightforward and honourable manner in which Señor Salaverria has treated the engagements he found subsisting at the time of his accession to office, inaugurate, it is to be hoped, a new era in the mode of dealing with financial matters in Spain.

All advices lately received tend to show that he has done his best to satisfy the claims of the Bondholders, and although their full rights have not have been obtained, the assertion of these, under present circumstances, is obviously out of the question. The Council think it right to place on record their sense of the obligation they feel towards the Rio Tinto Company for their cordial assistance and co-operation in the conduct of this business. Without this, there can be little doubt that the subject would have been so complicated that dealing with the Pagarés would have been extremely difficult.

When the coupon due on the 1st of October last on the Spanish Six per Cent. Land Mortgage Loan fell into arrear, the Council made the necessary representation in the proper quarters, and they had the satisfaction of announcing, shortly afterwards, that the Bank of Castile had concluded their



arrangements with the Government, and that the coupons due had been called in for presentation on and after the 14th December.

The Council have, through their agent in Spain, and in co-operation with the Frankfort Committee, assiduously pressed the claims of the holders of the Madrid Municipal Loan, and they are glad to see that, coincident with the installation of the new Government, provision has been made for the payment of obligations drawn in 1871.

## PORTUGAL.

The Council have great gratification in stating that the increasing prosperity of this country has enabled it to obtain the requisite funds on moderate terms from native subscribers.

The fiscal authorities of Portugal have rendered effective assistance to the Council on their application for a certificate of the Loan of 1853 which was lost by a Bondholder, and whereby the bond, in accordance with the custom of the Stock Exchange, had become unmarketable.

## ITALY.

The claims of the Bondholders on the Italian Government have been a subject of constant solicitude to the Council.

The Council have had during the year a somewhat lengthy correspondence with the Italian Government on the subject of a heavy tax to which the holders of Italian Rentes have been subjected. The Government required compliance on the part of holders and bankers, on the payment of

coupons, with certain formalities,\* against which the Council and many of their Foreign correspondents deemed it right to enter a protest.

On the occasion of the July coupon falling due, the indignation of the bankers was more formally expressed, and the Council received an application from a large number of bankers, which enabled them to make a forcible representation to the Italian Government. In this they were strongly supported by the Bank of England, and received material assistance from representations made by the houses of the Messrs. de Rothschild, in London and in Paris. This representation was signed by the following bankers :—

Robarts, Lubbock and Co.	Prescott, Grote and Co.
Glyn, Mills, Currie and Co.	The Consolidated Bank, Limited.
The Union Bank of London.	The City Bank.
Martin and Co.	The National Bank.
The London and County Bank.	The National Provincial Bank
The London and Westminster	of England.
Bank.	The Bank of Scotland.
Smith, Payne and Smith.	Willis, Percival and Co.
Barclay, Bevan, Tritton and Co.	Bosanquet, Salt and Co.
Barnetts, Hoares, Hanburys and	The National Bank of Scotland.
Co.	Alexanders, Cunliffes and Co.
Williams, Deacon and Co.	Samuel Montagu and Co.
Brown, Janson and Co.	Hoares and Co.
Fuller, Banbury and Co.	Goslings and Sharpe.
Brooks and Co.	Praeds and Co.
The London Joint-Stock Bank.	A. Twining and Co.
Cunliffe, Roger, Sons and Co.	Coutts and Co.
Dimsdale, Fowler, Barnard and	Drummond and Co.
Co.	Herries, Farquhar and Co.
The Imperial Bank, Limited.	Ransom, Bouverie and Co.
The Alliance Bank, Limited.	Charles Hopkinson and Son.

\* Vide Annual Report of the Council of Foreign Bondholders for 1873, p. 17.

The Bank of Egypt, London.	The London and Provincial Bank, Limited.
The London and Yorkshire Bank, Limited.	The General Credit and Discount Company, Limited.
The Bank of New South Wales.	The Midland Banking Company, Limited.
The Bank of Australasia.	The Commercial Bank Company of Sydney, London.
The Bank of Victoria.	The Anglo-Hungarian Bank.
The Central Bank of London, Limited.	The National Bank of Australasia.
The Metropolitan Bank, Limited.	The Oriental Bank Corporation.
The London and South-Western Bank, Limited.	The Bank of South Australia.
The Agra Bank, Limited.	The London and San Francisco Bank, Limited.
The London Banking Association.	The Bank of Alexandria, Limited.
The Bank of New Zealand.	The Hong Kong and Shanghai Banking Corporation.
The Anglo-Peruvian Bank, Limited.	The Anglo-Austrian Bank.
The New London and Brazilian Bank, Limited.	
The Bank of Roumania.	
The Union Bank of Australia.	

Besides addressing explanations to the Italian Legations in London and Paris, Baron Alphonse de Rothschild employed his personal influence in an interview with the Prime Minister of Italy at Rome.

The result was that certain modifications of the regulations in England and France were obtained, which, though far from adequate, have been accepted for the time by the bankers.

The Council regret to report that the Sardinian Loan remains in the same unsatisfactory condition.

## GREECE.

*Agent of the Corporation of Foreign Bondholders for Greece :*  
CAPTAIN STAB (Constantinople).

*Representative of the Bondholders of Holland :* MR. LEWIS  
DRUCKER.

The mission of Mr. Lewis Drucker to Athens on behalf of the Netherlands Bondholders encountered considerable resistance at the hands of some public men and journalists in Greece, but, supported by the Corporation of Foreign Bondholders, it appears to have made a deeper impression than could have been anticipated.

It has been recognised that the Bondholders of England and Holland have taken up a firm attitude, that it is useless to play off one section against another, and that there is little probability of any inadequate compromise being accepted. Under these circumstances the question of the restoration of Greek credit must be more seriously considered by the statesmen of Greece.

The necessities of Greece and the fact that the Greek merchants and capitalists of Constantinople, Alexandria, and Odessa, who are engaged in large financial operations, can find more money for Turkey than for Greece, begins to influence the politicians of Athens. The time may not have arrived when a settlement of the claims of the Bondholders can be effected, but it is a favourable symptom that proposals of more or less weight are now being frequently put forward. The Greeks begin to find, what they have often denied, that not only can they recognise the loans, but that they can find funds for their payment. It is deeply to be regretted that ill health has prevented Mr. Lewis Drucker from revisiting Athens.

Meanwhile, the Council continue to devote their attention to the subject of Greek Finance. The condition of the public debt of Greece is a serious reflection upon that country and its citizens.

## TURKEY.

### Joint Commissions for the Ottoman Loans of 1858 and 1862.

I. Gerstenberg, Esq., <i>Chairman.</i>	<i>Secretary.</i>
Francis Bennoch, Esq.	Hyde Clarke, Esq.
John Paterson, Esq., <i>Alderman.</i>	<i>Agent in Constantinople.</i>
H. A. Withers, Esq.	Captain Stab.

The arrangement made between the Joint Commissions and the Ottoman Government with regard to the remittances for the 1858 and 1862 Loans has been carried out during the past year.

The Commissions have felt it necessary, while closely watching the measure, to make some representations to the Imperial Ottoman Bank with regard to the period of publication of the advertisements in London, which have been on several occasions unduly delayed.

During the year, negotiations for a new Five per Cent. Loan for a large amount were carried on in Paris between His Excellency Sadik Pasha, on the part of the Turkish Government, and certain capitalists. Frequent communications upon this subject took place between the Council and that Minister, and it was therefore thought desirable to retain for some months in London Captain Stab, the resident Agent of the Council at Constantinople. The Council were thereby put to some temporary inconvenience in the conduct of their Constantinople Agency.

Some anxiety was manifested with regard to the proposed extended functions of the Imperial Ottoman Bank as a State Bank, and the consequent modification in the arrangements in relation to the Budget and the administration of the revenues. In the opinion of some Bondholders, the relations existing between the Turkish Government and the holders of the 1858 and 1862 Loans had undergone modifications, owing to the new arrangements entered into between that Government and the Bank. With the view of asserting, under any circumstances, the rights of the Bondholders, the Council sought explanations from the Imperial Ottoman Bank, who in reply stated that they did not recognise any change in the relations, and the Council have notified that the Bondholders regard them as holding the monthly remittances, in their character of bankers, for the account of the Bondholders of the respective Loans.

The relations which now exist more directly between the Turkish Government and the Council cannot fail to prove of material advantage, and the Council have provided for the prolonged maintenance of the Agency in Constantinople, which is also the centre for correspondence with the Governments of Greece, Egypt, Roumania, and Servia.

Towards the close of the session, Mr. Forsyth, M.P. for Marylebone, on the representations of Mr. Corfield, an influential Bondholder, moved for the correspondence relating to the 1858 and 1862 Loans. This was readily acceded to by the Foreign Office, and the correspondence has been published in a Parliamentary Return which contains the numerous letters, dating from 1861, of Mr. Meadows, Messrs. Hutchinson and Seymour, Mr. J. A. Franklin, Mr. Corfield, the Council, and others, and will be found useful in its bearing on many important questions affecting the interests of Turkish Bondholders.

## TUNIS.

The debt of Tunis, Interior and Exterior, the latter chiefly held in France and Italy, was consolidated in 1869, and through the powerful influence of the French Government, a Commission was formed, the Members of which are nominated by the English, French, and Italian Bondholders, and presided over by an Inspector of Finances appointed by the French Government, to whom, with a view to provide for the due payment of the interest on the debt, and its gradual liquidation by a Sinking Fund, the customs revenues are assigned. The interest has been regularly paid, and some progress made in forming a Sinking Fund.

The Regency of Tunis is at present neither so well populated, nor is its soil as well cultivated as its natural resources would admit. The restoration and extension of the old works of irrigation, the formation of roads, canals, and railways, and an improvement in the means of landing and shipping goods, would, with a revised and simplified customs tariff, greatly promote the well-being of the country and people. Tunis, the capital of the Regency, has, with its widely-scattered suburbs, a population of about 100,000, and is well supplied with abundance of good water, by means of water-works, carried out at the expense of the State. The country possesses some deposits of lead and iron, but too little is at present known respecting the qualities of the ores, or the conditions as to the Government rights, and the cost of labour and transport, on which it would be possible to work them, so as to attract foreign capital on their account. Gas-works, as well as a railway about 24 miles in length, have lately been constructed by English companies, but not with sufficient success to warrant other capitalists in following their example in undertaking other industrial enterprises with foreign capital. There is also a bank, mainly formed by English sub-



scribers, with a small subscribed, and with a still smaller paid-up, capital, but its operations are not as yet publicly known.

## LIBERIA.

The default in the payment of the coupon due on the 1st of August last, occasioned by the failure of the contractors, induced several holders of bonds again to ask the Council for their interference. A letter was addressed to the President at Monrovia on the subject, and a reply has been received to the effect that at its next meeting the Legislature will make the necessary provision for meeting the liabilities, and for restoring the credit of the Republic.

## UNITED STATES OF AMERICA.

While the credit of the United States Government has been maintained on the highest standard, the credit of several of the Southern States has continued to be impaired, and investors have suffered by numerous defaults on State and railway bonds.

The distress of the South during the civil war was a natural cause of difficulty, and inability to pay was, under the circumstances, regarded with leniency by the creditors.

Although repudiation has not been avowed by the statesmen of the South, the result has been the same. Even those States which had been profuse in promises, such as Alabama, and, to some extent, Virginia, have not as yet come forward to meet their obligations.

During the year there has been considerable financial embarrassment, owing to the great commercial crisis, but the condition of the Treasuries would, in many of the States, have admitted of large payments, had there been a steady disposition to do the best according to means. This has not been

exhibited, but attention having been called to an alleged impossibility of collecting taxes, even where it had been formerly professed that increased taxation had been imposed to provide for their obligations. In the Legislatures there has been manifested but little serious desire to meet State indebtedness, and any expedient has been readily considered which tended to non-payment or postponement; a favourite scheme being to diminish the capital or reduce interest of the debt, or both, and to carry this out by appointing, during the short sessions of the Legislatures, Commissioners directed to treat with the creditors for a settlement.

Much disappointment has been expressed at the disinclination of the aggrieved creditors to co-operate in schemes for selling lands, opening mines and smelting works, and forming railways. It has been plausibly urged that the development of local resources would increase the revenues of the States and augment their means of meeting their obligations. This is true to a certain extent, but it is found by experience in the cases of Mexico and Venezuela that whilst fiscal and individual resources are extended by the construction of public works, there is not necessarily any corresponding desire to discharge the public debt.

The Council regret that they cannot see any such desire evinced by the Executive of the South to re-establish the public credit as would justify the public creditors in favouring the investment of capital in any of the defaulting States.

The Legislatures of several States are now in Session, and the result of their deliberations will best determine the extent of confidence which they are entitled to claim at the hands of the capitalists of Europe. It is to be hoped that the politicians of the South will be able to agree upon some line of policy other than vague declarations, and which will justify a renewal of public confidence.

While the condition of the securities of the Southern States of the American Union has awakened a distrust of the

credit, and lowered the market standard of American investments generally, the default made in respect of a number of railway bonds and shares has produced a no less prejudicial effect. Although these defaults were precipitated by the panic, they would in many cases have been equally inevitable in course of time. Some unfinished undertakings were embarrassed and stopped by the financial crisis, but many of the bonds in default rest upon no solid security, as they were either the issue of unjustifiable speculation or of deliberate fraud, which, however, does not affect the rights of innocent and *bonâ fide* holders. Money has, in some instances, been raised for one purpose and applied to another.

The necessity for obtaining funds for the construction of public works in some districts has induced local Legislatures to favour any schemes which seemed likely to provide them. Every facility has been given for raising money on bonds, without sufficient guarantees having been secured for the proper application of the funds. In the result, as might have been anticipated, the State and the investors have been subjected to disappointment. The Council have under consideration applications affecting several large investments in American railways, and they have for some time contemplated the formation of an American General Committee, to consist of Members of their body and others conversant with the United States, and to whom cases in connection with such undertakings may be referred.

The aid of the Council has been sought by the English holders of Second Mortgage Bonds of the Columbus, Chicago, and Indiana Central Railroad Company, who claim that the interest on their bonds, which has been in default since August, 1874, is payable by the Pennsylvania Railroad Company under the terms of a guarantee by the latter. It is understood that the Pennsylvania Company deny their legal liability. A preliminary meeting of First and Second Mortgage Bondholders was held at the Councilhouse in

December, and the subject is under investigation by the Council.

It is obviously impossible for the Corporation to embark in lawsuits in defence of the individual rights of Bondholders, but it is believed that much valuable service can in other ways be rendered by the Council. In some instances an independent investigation of the facts may serve to make the parties acquainted with their true position, thereby avoiding litigation, and tending to promote some amicable arrangement. The mere protest of a representative body of the many scattered Bondholders will also, under some circumstances, induce proposals for settlement.

### MINNESOTA.

This State issued, in 1858, a loan of \$2,275,000, Seven per Cent. Bonds, to aid the four railroads then in process of construction within her territory.

About the year 1859, the railroads having failed, the State foreclosed the mortgages and handed over the properties, in their uncompleted condition, to new corporations, for a nominal sum. Only one coupon, that due in June, 1859, has been paid. All the others, from and including that due in December, 1859, remain unpaid to this day.

In 1860, the State, by an amendment to her constitution, repudiated the Bonds, and forbade the levy of a tax to pay the interest.

The Council received the facts of the case from a firm in New York, requesting their attention to this act of injustice to the Bondholders, and publicity was given to their letter in the "Times" of March 26, 1874.

It appears that the validity of these Bonds is clear, and their issue was in accordance with the laws of the State.

The Debt of Minnesota, in addition to these Bonds, is only \$450,000, and from reports as to the state of the Treasury, there appears no excuse for persistently refusing to recognise these Bonds, the validity of which has been affirmed in the United States Circuit Court.

## INDIANA.

Some action has been taken in the United States by certain scrip-holders of the old Canal debt of Indiana, a complaint having been filed against the Trustees of the Wabash and Erie Canal, to compel them to sell the canal property, its lands and franchises, for the payment in whole or in part of the scrip known as Canal scrip, held by former Indiana creditors residing in America, Holland, England, and France.

## VIRGINIA.

### Virginian Committee.

Commissary-General R. M.	Morris Cantor, Esq.
Gardiner, <i>Chairman</i> .	E. Charlton, Esq., M.D.
I. Gerstenberg, Esq., <i>Chair-</i>	David Clark, Esq.
<i>man of the Council of Foreign</i>	Charles Clark, Esq.
<i>Bondholders</i> .	John Dabbs, Esq.
Samuel Montagu, Esq., <i>Member</i>	Joseph Hankey Dobree, Esq.
<i>of the Council of Foreign</i>	W. Duncan, Esq.
<i>Bondholders</i> .	C. E. Flower, Esq.
W. Trotter, Esq., <i>Member of the</i>	John Ford, Esq.
<i>Council of Foreign Bondholders</i> .	Algernon Gilliat, Esq.
F. Algar, Esq.	C. E. Habicht, Esq.
Geo. Artingstall, Esq.	E. J. Harris, Esq.
Lieut.-Colonel Aytoun, R.A.	Arthur Horrigan, Esq.
R. L. Baker, Esq.	Chandos Wren Hoskyns, Esq.
Jas. B. Blarney, Esq.	E. Humphreys, Esq.

Henry Joachim, Esq.	Geo. Penson, Esq.
Sir Arnold Kemball, Bart., K.C.S.I., C.B.	Giuseppe A. Pugno, Esq.
Arthur Kimber, Esq.	Geo. T. Rait, Esq.
Silvester L'Amy, Esq.	Geo. Richardson, Esq.
Robt. P. Laurie, Esq.	W. R. Richardson, Esq.
Arthur Leared, Esq., M.D.	Captain W. W. Ross.
G. I. Leon, Esq.	C. Satterthwaite, Esq.
J. L. Mieville, Esq.	Geo. Yule, Esq.
D. Oppenheimer, Esq.	<i>Secretary.</i>
M. J. O'Shaughnessy, Esq.	Hyde Clarke, Esq.

The condition of affairs in Virginia during the last twelve months has been disappointing. After the many protestations that Virginia would duly meet her obligations, Bondholders patiently awaited some acceptable proposal of the Legislature.

The proceedings by no means answered the expectations that had been formed. Not only was no measure taken to restore the funding operations as had been expected, but a partial payment made in respect of the January 1874 coupon was dealt with in an unsatisfactory manner, and no provision was made to meet any subsequent coupons.

The Legislature, during the last days of its Session, was invited by the Bondholders to name delegates, with whom a conference might be held in London. Instead of adopting this suggestion, the Legislature provided for the appointment of Commissioners, who should attend a conference of creditors at Richmond. That no practical advantage could result was foreseen, but no one could have anticipated the total barrenness of the deliberations of the delegates.

In the year 1873, Mr. G. Artingstall, a Member of the Committee, undertook a special mission to Richmond, where he fully stated the case of the Bondholders, but none of the promises held out to him have been redeemed. No invita-

tion to attend, or to be represented at the recent conference held at Richmond, was sent to the Committee, nor did they feel that they could with propriety commit themselves to an acquiescence in proceedings such as were contemplated. In order, however, that the Bondholders might not be charged with disrespect to the State authorities, the Council and Committee requested the Hon. Hugh McCulloch, a Member of the Council, to proceed to Virginia, to report upon any statements and proposals of the Commissioners, which on his return to England might be submitted for the consideration of the Bondholders.

The conference appeared to have been chiefly occupied with the consideration of a scheme for a Four per Cent. Loan, put forward by some Americans, who professed to represent the views of the Bondholders and of the great capitalists of Europe. This scheme was accepted in advance by the Commissioners, and submitted for adoption. It has excited no surprise in London that the Commissioners and the Legislature of Virginia have abandoned this project.

No measures have, however, been taken for resuming payment, and on this subject the policy of the Virginian Executive appears to be one of procrastination.

It is, however, believed by some that there are signs of a more wholesome state of public feeling beginning to be manifested. An assessment made by Virginia imposing upon West Virginia a liability in respect of one-third of the old debt, called forth an expression of dissent on the part of the latter. It was asserted, on the part of West Virginia, that one-third by no means represented a fair allotment of the debt in reference to the public works to which the loan was applied, and of which it was alleged five-sixths were in Virginia, and one-sixth in West Virginia.

Certificates for one-third claim on West Virginia were issued to the creditors by the Executive of Virginia before



any steps for obtaining a judicial decision on the question at issue were taken.

It has lately been decided by the High Court of Appeal of Virginia that Virginia and West Virginia are jointly and separately liable for the old State debt.

The Bondholders have considered that it is not their interest to initiate any proceedings which would establish a distinction between Virginia and West Virginia. They simply look to the firm with whom the loan was contracted, leaving the partners to adjust their own affairs. If the statesmen of Virginia had duly regarded the conciliatory attitude of the Bondholders, they would at once have assumed the whole debt, obtained from the Bondholders such temporary concessions as were needful, arranged in due time with Western Virginia, and placed the credit of Virginia in its former high position.

It may become matter for consideration what course should be adopted by the Bondholders if fair and equitable proposals were at an early date made by Western Virginia. That State would then be entitled to be regarded with sympathy, and, in the event of her proposals being accepted, would have the advantage of access to supplies of capital which would enable her great natural resources to be turned to good account.

The situation of Virginia is one of grave anxiety. The recovery of the country was much impeded by the crisis of 1873, and by the policy of the Legislature of that and the following year.

The financial restoration of Virginia, which had been eagerly hoped for has been gravely retarded. Thus, Virginia may fairly appeal for lenient consideration during her distresses, but she cannot demand more, for she avowedly possesses resources, sufficient in time to redeem every obligation, and leave no excuse for bankruptcy.



## NORTH CAROLINA.

Correspondence on the subject of the Finances of this State has been carried on between the Council and a member of the House of Representatives of North Carolina.

Several plans for an adjustment have been under the consideration of the Legislature, and a conference has been convened between the creditors of the State and the Standing Committee on State Debt and Liabilities.

No information has as yet reached the Council of the passing of any Act on the subject, or of the result of the conference, and it is feared that the proceedings are only directed to the creation of delay.

## SOUTH CAROLINA.

The finances of this State are in a most unfavourable condition. The new Governor has stated in his inaugural address, that the settlement under the Act passed last winter, by which the existing debt of about twenty-five millions is reduced to between five and six million dollars, must be considered final.

South Carolina Bonds do not appear to be held here to a large extent.

In April, 1874, the shares of the South Carolina Rice Plantation Trust were offered to the public in London, but the fact of the unsatisfactory conduct of the State towards its creditors becoming generally known to the investing public appears to have frustrated any attempt to raise money for the public or private undertakings of a State which is in default with regard to its obligations, and has not dealt equitably with its creditors.

## GEORGIA.

This State has, during the past year, resumed payment on its Bonds of 1870, which had been in default since April 1st, 1872; and the Council are informed by Mr. de Tracy Gould, of the American bar, that the recognition of these Bonds by the State was due solely to the efforts of Mr. J. L. Snead, a lawyer of New York, who, at the request of some New York Bondholders, proceeded to Georgia, and by his personal intervention obtained this act of justice for the Bondholders. Mr. de Tracy Gould, in a circular to the Bondholders, requests the payment of 2 per cent. on the full value of all the Bonds which have received benefit from the action of Mr. Snead, being the sum agreed upon and paid to him as commission by the American Bondholders at whose request he undertook the business.

## ALABAMA.

## Alabama and Chattanooga Committee.

The Right Hon. Lord William Augustus B. Abraham, Esq.

Montagu Hay, *Chairman*. E. d'Eichthal, Esq.

I. Gerstenberg, Esq., *Chairman* F. Engelhardt, Esq.  
*of Council of Foreign Bond-* Baron Emile Erlanger.  
*holders.* A. Haworth, Esq.

Francis Bennoch, Esq., *Member* G. Medley, Esq.  
*of Council of Foreign Bond-* Edward Riley, Esq.  
*holders.* T. Sandeman, Esq.

Roger Eykyn, Esq., *Member* E. F. Satterthwaite, Esq.  
*of Council of Foreign Bond-* E. A. Stoehr, Esq.  
*holders.* T. E. Twycross, Esq.

Sir Philip Rose, Bart., *Member* Major-General J. L. Vaughan,  
*of Council of Foreign Bond-* C.B.  
*holders.* T. Wilshire, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Delegate of the Council.*Dr. Jules Levita, *Frankfort a/M.**Bankers for receiving deposit  
of Bonds.*Messrs. Robarts, Lubbock and  
Co., *London.*Messrs. Koch, Lauteren and  
Co., *Frankfort a/M.*

The case of the holders of First Mortgage Indorsed Bonds of the Alabama and Chattanooga Railway of 1869, and of the Eight per Cent. Alabama State Gold Bonds of 1870, has claimed and received the most anxious and unremitting attention of the Council and Committee during the past year, and the Council hope that an equitable settlement of the Bondholders' claims will not be much longer deferred.

No interest whatever has been paid upon these Bonds, either by the Railroad Company or by the State of Alabama, since January, 1872. The subject was first brought to the notice of the Council in February, 1873, when two half-yearly coupons were already in arrear; the property was then in bankruptcy, and the financial condition of the State of Alabama appeared to be such as to afford but little hope of a speedy settlement. The road was in the hands of receivers, who were appointed by the Circuit Court of the United States, and invested with extensive borrowing powers, for the purpose of preserving the property for the Bondholders, and an issue of "Certificates,"\* made by these receivers, in the exercise of their borrowing powers, added largely to the liabilities of the undertaking. The Council have had no means of ascertaining the extent to which the property was benefited under

\* A form of security not dissimilar to what are termed in England "Lloyd's Bonds."

their management. In July, 1873, new receivers were appointed, who, during the ensuing year, endeavoured with more or less success to make the road self-sustaining. In January, 1874, a decree of the United States Circuit Court, at Mobile, ordered a sale of the road at a minimum price of \$5,220,000, and gave such directions as to the application of the proceeds as would have secured a fair dividend for the First Mortgage Bondholders, in the event of a purchaser being found willing to bid the minimum price or upwards. Upon the road being put up for sale, however, no higher bid than \$3,000,000 was obtained, and the property consequently remains unsold. Meanwhile the Hon. David A. Wells had been appointed by the Council as the Agent for the Bondholders in the United States, and an able counsel had been instructed to protect their interests in the Circuit Court. It became necessary to resist certain claims made in respect of receivers' certificates and other liabilities, which, if admitted, would, under the order of the Court, be entitled to priority over the Bondholders' mortgage. This opposition has been protracted and costly, but on the whole has been successful. The Council have from the first acted in concert with a Committee of Alabama Bondholders formed at Frankfort. A further decree, removing the limit of price imposed by the former order for sale, has recently been obtained at the instance of the Trustees of the First Mortgage Bondholders. The Council, believing that this was a step which was not taken in the true interest of the Bondholders, have taken measures to procure its reversal as well as the removal of the Trustees and the appointment of new Trustees in their room.

While, however, the Council have taken every means in their power to protect and preserve the security afforded to the Bondholders by the property forming the subject of the mortgage, they have not been unmindful of

the ultimate security afforded by the guarantee of the State of Alabama. At the date of the issue of these Bonds the credit of that State stood well in the money markets of Europe, and, doubtless, investors were thereby not a little encouraged to take part in the subscriptions. The subsequent collapse of the financial prosperity of Alabama, owing to causes upon which the Council do not at present dwell, has proved most disastrous; but the Council hope that, under the administration of the new Government and Legislature, elected in November last, a serious effort will be made to discharge honourably the liabilities of the State as well in respect of the direct or straight Bonds as of the Railroad Bonds indorsed by the Governor on behalf of the State under legislative authority. In the month of December last, an Act, was passed by the Alabama Legislature, authorising the appointment of a Board of Commissioners empowered "to take charge of and ascertain, liquidate and "adjust the subsisting legal liabilities of the State of "Alabama on the Bonds issued and the Bonds indorsed by "the State of Alabama and the coupons on the same, in "such manner as the interests of the State may require, "and, by negotiations, to provide for the payment of such "amount of the said several legal liabilities as may be "arranged for."

With a view to secure for the Bondholders the benefit of this enactment, the Council have, through their Agent, the Hon. David A. Wells, forwarded to the Executive of Alabama certain suggestions for a basis of settlement, which are now under the consideration of the Governor, and which, if accepted on the part of the State, the Council feel that they can submit to the Bondholders for their approval. For that purpose a meeting of Bondholders will be summoned immediately upon the receipt of a definite reply from the State.

In dealing with the question of the Alabama and Chattanooga Railroad Loans, the Council and Committee have found that the facts brought under their notice were so unusually complex, and the subject matter so varied and diffuse, that it was considered expedient to prepare, for the information of the Bondholders, a full and carefully-digested report on this special matter. The publication of this report has been delayed by the Council in the hope that they may be in a position to embody in it some definite terms of a proposed settlement; but it will probably be issued at an early date.

## FLORIDA.

The arrangement contemplated by the Council of the old Florida Bonds issued by the Bank of Pensacola is at present in abeyance.

## MISSISSIPPI.

Messrs. N. M. de Rothschild and Co., who have taken charge of the interests of the holders of Bonds of this State under default, have as yet been unsuccessful in obtaining any redress for the Bondholders. The Council have seconded their efforts wherever an opportunity offered for doing so, and Mr. Murdock, late Member of Congress, actuated by patriotic motives, has volunteered his services gratuitously to endeavour to bring about an arrangement.

A representative of the Mississippi Valley Company having, at a meeting of the Manchester Chamber of Com-

merce, advocated certain measures as tending to induce a "flow of English capital to the States of that Valley," the Council have addressed a letter to the Chamber of Commerce pointing out that, in their opinion, before any attempt to bring about such a result can be supported in this country with success, the States of the Mississippi Valley will find it necessary to reestablish confidence in their good faith, by giving proof of their determination once more to occupy a position among solvent States.

## ARKANSAS.

The financial affairs of this State have been for some time, and still remain, in a most unsatisfactory condition, but in a letter recently received from the new Governor of the State, a promise is held out that the Legislature will give every attention to this question. It has since been reported that the Senate has passed a joint resolution instructing the State Board of Finance to correspond with the holders of State Bonds, with a view to a settlement of the indebtedness.

In the spring of 1874, Mr. D. A. Hadley, ex-Governor of the State, whilst in London, endeavoured, by means of letters to the "Times," to vindicate the conduct of the State of Arkansas to her creditors. All the obligations of the State being at the time practically repudiated, Mr. Hadley's arguments failed to convince.

The affairs of the Arkansas Central Railway Company remain unsettled. A proposition of Mr. Edward Vernon, Vice-President of the railway, to the effect that the Bondholders should pay up the floating debt, buy up the ordinary stock, and find money for the completion of the line, was



submitted to a meeting of the Bondholders held at the offices of the Credit Foncier of England on the 26th August, 1874. The meeting appointed a committee to confer with Mr. Edward Vernon, and the proposition was eventually rejected.

It will be remembered that upon the occasion of the issue of \$500,000 First Mortgage Bonds of this railway, the Council inserted in the newspapers a letter received from the Governor of the State, showing that no provision had been made for these Bonds by the Legislature.

## LOUISIANA.

### Louisiana Committee.

Henry Rawson, Esq., <i>Chairman.</i>	Morris Cantor, Esq.
I. Gerstenberg, Esq., <i>Chairman</i> <i>of the Council of Foreign Bond-</i> <i>holders.</i>	Louis Floersheim, Esq.
	J. A. Hankey, Esq.
	Fortescue Harrison, Esq., M.P.
General Sir George Balfour, K.C.B., M.P., <i>Member of the</i> <i>Council of Foreign Bond-</i> <i>holders.</i>	G. I. Leon, Esq.
	Robert Monckton, Esq.
	J. Hume Webster, Esq.
Francis Bennoch, Esq., <i>Mem-</i> <i>ber of the Council of Foreign</i> <i>Bondholders.</i>	<i>Secretary.</i>
	Hyde Clarke, Esq.

Meetings of Bondholders were held on the 18th April and the 2nd June, and resolutions passed, protesting against the action of the State Legislature, which, under their Funding Act, attempted to confiscate 40 per cent. of the capital and a portion of the interest payable on these Bonds from January, 1874. Reports of these meetings



were widely circulated in the United States and on the Continent, and a protest was addressed to Governor Kellogg, which, however, proved of no avail, as he published in the London and other papers a notification of this forced conversion. A conference of Bondholders was thereupon called, when it was unanimously resolved to adhere to the terms of the former protest, and this resolution was advertised in English and American papers. The deplorable political condition of this State has, for the present, made impossible any progress towards a satisfactory settlement; and it is deeply to be regretted that the Funding Bill of Governor Kellogg received the sanction of both sections of the citizens in a general vote.

It is not improbable that if this measure proceeds, the Council will be called upon by the Bondholders to resort to the extreme measure of issuing Louisiana Certificates of Default, and applying for their quotations on the Stock Exchanges of London, New York, Holland, and Germany.

## SANTO DOMINGO.

### Santo Domingo Committee.

F. Bennoch, Esq., <i>Chairman.</i>	Robert Bradshaw, Esq.
I. Gerstenberg, Esq., <i>Chairman</i>	C. A. Day, Esq.
<i>of the Council of Foreign Bond-</i>	Capt. W. Delf.
<i>holders.</i>	J. Downing, Esq.
Maj.-General J. L. Vaughan,	R. F. Eland, Esq.
C.B., <i>Deputy Chairman.</i>	W. Ford, Esq.
W. Abbott, Esq.	J. Foster, Esq.
G. A. Addison, Esq.	G. Grantham, Esq.
Dr. A. Benisch.	Major J. C. Harris, R.E.
E. Lennox Boyd, Esq.	Rev. E. S. Hart.

R. H. Household, Esq.  
 H. B. Hyde, Esq.  
 W. Johnson, Esq.  
 Robert Monckton, Esq.  
 G. L. Morris, Esq.  
 J. G. Peckham, Esq.  
 Chas. Penruddocke, Esq.  
 C. W. Price, Esq.  
 V. D. Ray, Esq.  
 H. E. Rensburg, Esq.  
 P. C. Renton, Esq.  
 W. Richardson, Esq.

Aug. Styles, Esq.  
 R. Tamblyn, Esq.  
 G. R. Walker, Esq.  
 Count M. G. de Wezele.  
 Colonel R. White.  
 Thos. Williamson, Esq.  
 Thos. Wilshere, Esq.  
 C. O. Wombwell, Esq.

*Secretary.*

Hyde Clarke, Esq.

In the last report it was stated that the Council had observed that a part of the rights hypothecated to the Bondholders had been assigned to a powerful American combination, the Samaná Bay Company, and that the Council had therefore proceeded to notify to the Company that no financial operations by them, connected with Santo Domingo would be allowed to be placed unopposed on the European markets, unless measures were adopted to make good the default of the Government. This step was imperatively called for to protect the position of the Bondholders, but it was not taken in any hostile spirit to the Samaná Bay Company, which had been led in ignorance to invade the rights of the Bondholders.

A large number of Bondholders had signified their assent to the provisional agreement entered into with the Special Commissioners of the Samaná Bay Company, of New York, for a settlement of the Santo Domingo Debt, after the approval of that arrangement by a General Meeting of the Bondholders, held on the 27th January 1874.

But the Samaná Bay Company failed to ratify this agreement within the time fixed—the 1st April last, and it

consequently fell to the ground. The Council and Committee were shortly afterwards officially informed by the Company that the new President of Santo Domingo, General Gonzalez, had cancelled the concessions granted to the Samaná Bay Company by his predecessor, General Bacz.

An application of the Company to the President of the United States for redress proved without result. It is understood that a suit is now pending in the United States Courts for the appointment of a receiver of the assets of the Samaná Bay Company.

The Council have addressed a memorial to the new President, through the medium of the Foreign Office, but the reply received did not indicate any disposition on the part of the Government to recognise the validity of the Loan, or to come to an equitable settlement of the claims of the Bondholders.

Mr. O'Sullivan, a gentleman interested in the concession of a railway in Santo Domingo, granted in 1869 to Mr. Frederick Fisher, of New York, and his associates, has been in frequent communication with the Council and Committee, with a view to obtain the assistance of the Bondholders in the execution of this railway, in connection with a settlement of the San Domingo Loan.

This concession appears to have been granted prior to the default of San Domingo on her public Loan, and was not included in the hypothecations of that Loan. It therefore stands upon different grounds than the concession to the Samaná Bay Company, whose financial operations in London the Council felt bound to oppose until an arrangement had been effected.

The Council will be glad to see measures adopted calculated to effect a satisfactory arrangement of the Loan in connection with that Railway Concession.

## MEXICO.

The tardiness of the Mexican Government in making arrangements with their foreign creditors, and the advantage the country derived from the construction of the Mexican Railway, effected by means of funds procured by the hypothecation of a part of the securities which had been already assigned to the Bondholders, impressed the Council with the necessity of some more decided action with regard to that State.

After consultation with the Bourses of the Continent, it appeared desirable to make known to the Mexican Government that Mexico would no longer be allowed to avail herself, directly or indirectly, of the European markets for the purpose of raising capital.

The effect of this intimation became immediately apparent. The capitalists of Mexico having been thereby prevented from carrying out any fresh operations in the European markets, as all preliminary steps in respect of the same were met by a demand for a settlement of the debt, and an attempt to raise capital by an American combination having moreover been unsuccessful, the President at length took into consideration the expediency of coming to an understanding with the Bondholders, and desired some friends visiting Europe to ascertain unofficially the lowest terms upon which a settlement could be obtained. Some of these gentlemen have applied to the Committee of Mexican Bondholders.

As yet no definite result has been obtained. One reason for this has been, that the Mexican administrators have found that the Bondholders have taken up a firmer attitude than was anticipated, and that the prolonged default of Mexico has not made them more inclined to accept pro-

posals involving the forfeiture of a large portion of their claims, while on the other hand the people of Mexico have been so long encouraged to regard their creditors with contumely, that it is difficult as yet to bring the Legislature to adopt measures for a practicable settlement. Another reason for delay is, that the Government, and their allies among the financiers of Mexico, are still not without hope of raising money for railways on the favourite plan, successful with the Mexican Railway, of hypothecating the revenues belonging to the Bondholders. They hope to effect this in the United States, but it is questionable whether the American market, which has many calls upon it, is strong enough for such an operation without having recourse to Europe.

The Council have, on the occasion of recent railway concessions, thought it their duty, in accordance with their recognised policy, to despatch to the President of Mexico a protest against any dealings with revenues already hypothecated until the Government shall have come to a satisfactory arrangement with the Bondholders.

The Mexican Deferred Committee, acting in co-operation with the Council, have lost no opportunity of pressing their claims on the Government and its representatives.

## GUATEMALA.

### Guatemala 1869 Committee.

General Sir George Balfour, K.C.B., M.P., <i>Chairman</i> .	George Cavendish Taylor, Esq. S. W. Willet, Esq.
I. Gerstenberg, Esq., <i>Chairman</i> <i>of the Council of Foreign Bond-</i> <i>holders</i> .	Morgan Yateman, Esq. Brodie de Zulueta, Esq.
H. F. Bailey, Esq. Dr. Behrend.	<i>Secretary</i> . Hyde Clarke, Esq.
Robert Bowden, Esq. James Roberts Brown, Esq. James Charles, Esq.	<i>Agents for Arrear Certificates</i> . Messrs. I. Thomson, T. Bonar and Co.

This Republic has discharged her obligations to the foreign creditors with increasing regularity during the past year, and there is now every prospect of punctuality in the future.

The Council called attention in their last Annual Report to the much-needed railway from the port of San José to the capital. As soon as strict punctuality in the payments of the Loan is established, there would probably be no difficulty in raising the funds necessary for that important undertaking.

At an interview with Señor Don Manuel S. de Tejada, on the subject of the proposed railway enterprise, the Council pointed out the measures that appeared advisable in respect of the Five per Cent. and Six per Cent. Loans before the project could be successfully launched.

The Council have had the advantage of conferring with Mr. Corbett, the late Minister Resident at Guatemala, on his arrival in London. His opinion was generally favourable as to the resources of the Republic and her ability to discharge her obligations.

The stipulated instalments of the arrear coupons of 1872, and the dividends due on the Five per Cent. and Six per Cent. Loans, were duly received during the past twelve months.

Mr. Sidney Locock, the present Minister Resident, at an interview with the Council, promised to render every assistance to the cause of the Bondholders which it may be in his power to render unofficially at any time when required.

Mr. Corbett, who acted as agent of the Bondholders, having permanently left Guatemala, the Council will appoint another agent in his place, subject to confirmation by the contractors, in accordance with the terms of the General Bond.

## HONDURAS.

Although, with the co-operation of the Foreign Office, the Council have made application to the Government of Honduras for placing the Customs Revenues of Amapala under an agent of the Bondholders, to meet the interest of the Federal Five per Cent. Debt, no result has yet been obtained. The appointment of a Vice-Consul by H. M. Government may facilitate the required measure.

The strife of internal factions, and the intervention of those of neighbouring territories keep the country in so wretched a condition, that any satisfactory arrangement regarding the comparatively small amount of the old Federal Debt of 1867, may yet be delayed.

The Loans issued in England and France, in the name of Honduras for a projected Interoceanic Railway, remain in the same hopeless condition, and the hardship inflicted on many of the holders is very great.

A Committee for the protection of the Bondholders has applied to the Council for aid, and it is announced that they propose soon to hold a public meeting.

A Company projected for the ostensible purpose of converting the Government bonds into shares of an Interoceanic Railway, to be constructed with further funds to be obtained from the unfortunate Bondholders, has received but very small support from the public. The future movements of this Company will, therefore, be watched with much interest.

If the Council could see any possibility of giving relief to the sufferers, they would willingly accord them aid, but no practicable method of doing anything with the projected undertaking has ever been put forward.



## SALVADOR.

It has been stated that some Bonds of the Salvador portion of the Central American Debt are still outstanding and in the hands of Bondholders. On application through the Foreign Office, the Government of Salvador have replied that the balance of the remaining bonds of that debt has been discharged by the agents of the Government, at the agreed rates, under an agreement with the Government, this however the agents state, was subsequently disavowed on a change of the Executive.

It appears desirable that a settlement of the amount still outstanding should be obtained.

## NICARAGUA.

A proposed compromise of the Nicaraguan portion of the Central American debt was considered by a private meeting of Bondholders, called for the purpose by the agents of the Government. As neither the terms of the proposed settlement, nor the time and object of the meeting were publicly advertised, the Council addressed a remonstrance to the agents on the subject. The terms submitted, besides being utterly inadequate and not calculated to satisfy the Bondholders, were not of a nature to maintain the credit of the Republic. A number of Bondholders are understood to have accepted the terms proposed, but it is hoped that, if the Bondholders resist the proposals of the Government, better terms will be obtained, particularly as the resources of the country are improving.



## COSTA RICA.

## Costa Rica Committee.

A. G. Sandeman, Esq., <i>Chairman.</i>	Wm. Griffith, Esq. G. D. Harris, Esq.
I. Gerstenberg, Esq., <i>Chairman of the Council of Foreign Bondholders.</i>	L. Harrison, Esq. J. W. Harvey, Esq. J. Cooke Harker, Esq.
Francis Bennoch, Esq., <i>Member of the Council of Foreign Bondholders.</i>	T. P. Hearne, Esq. George Herring, Esq. T. Hobday, Esq.
Roger Eykyn, Esq., <i>Member of the Council of Foreign Bondholders.</i>	G. A. King, Esq. J. M. Louis, Esq. J. F. Lovering, Esq.
Dr. A. Benisch.	Captain R. Murray.
E. Lennox Boyd, Esq., F.R.G.S., F.S.A.	H. N. Nissen, Esq. H. Price, Esq.
T. Cave, Esq., M.P.	A. W. Ray, Esq.
James Cooper, Esq.	E. P. Rowsell, Esq.
W. Detmar, Esq.	Thomas Sidney, Esq., Alderman.
T. Dowling, Esq.	H. Skynner, Esq.
W. E. Duncan, Esq.	E. H. Stewart, Esq.
W. Godfrey, Esq.	
R. Grant, Esq.	<i>Secretary.</i>
G. de G. Griffith, Esq., M.D.	Hyde Clarke, Esq.

## Costa Rica Commission.

Francis Bennoch, Esq., <i>Member of the Council of Foreign Bondholders, Chairman.</i>	W. Knowles, Esq. <i>Secretary.</i>
Roger Eykyn, Esq., <i>Member of the Council of Foreign Bondholders.</i>	Hyde Clarke, Esq. <i>Agents at Costa Rica.</i>
T. Cave, Esq., M.P.	Thomas Farrer, Esq.
W. Griffith, Esq.	Edward R. Meugens, H.B.M.'s Consul.

In their last Annual Report the Council referred to the appointment of a Committee of Seven per Cent. Bondholders. It was then hoped that the united endeavours of all parties interested would result in an arrangement satisfactory to the Bondholders and honourable to the Government.

Señor Yglesias, the Special Commissioner, having arrived in this country shortly after the meeting, furnished with the necessary powers by the Government, and having placed himself in communication with the Council, the Committee, and the Agents of the Loan, numerous interviews and conferences were held, particularly with a view to devise some measures for obtaining the money required for the coupon falling due in April, 1874.

The revenue of the country appeared to be increasing, and there was every reason to hope that the temporary difficulties, occasioned by the management of the Loan after the public subscription, would be successfully overcome.

The Special Commissioner, who was not provided with any funds to meet the coupons, stated that his Government relied on the result of the sales of the Bonds not yet disposed of. An amount of about £850,000 of purchased Bonds was then in the hands of a syndicate by whom a sum of about £68,000 was claimed from the Government in respect thereof. It was further stated that the Government held also shares in the National Bank at Costa Rica, estimated at about £100,000, and also that the surplus revenue of the country was applied by the Government to the construction of the railway, a national undertaking which could not be suspended without most serious consequences to the country.

Eventually an arrangement was concluded with Señor Yglesias, according to which the coupon then about falling due on the 1st April, 1874, was to be provided for by a cash payment, at the rate of 2 per cent. per annum (the requisite amount to be raised upon the security of the pledged bonds), and the balance by twelve months' bills

upon the National Bank at San José. At the last moment, however, this arrangement became abortive, owing to the refusal of the contractors to sanction it, and the actual default on the payments due on the 1st April for the dividend and drawn bonds took place.

A subsequent proposal of Señor Yglesias to the contractor, to pay the coupons by twelve months' bills on the Government, bearing 5 per cent., was not carried out by the agents, nor submitted by them to the Council and Committee, nor to the Bondholders.

No further steps having been taken by Señor Yglesias to carry out the contemplated arrangement, he was informed that, unless a definite proposal were made at an early date, a meeting of Bondholders would be convened in accordance with the terms of the General Bond, providing for the appointment of receivers of the revenues specially hypothecated to the Bondholders.

The Government, through Señor Yglesias, had in the meantime filed a Bill in Chancery against the parties connected with the issue of the Seven per Cent. Loan. This Bill is still pending.

As the Bondholders, as such, were in no way connected with these proceedings (their claim resting on the Bonds in their possession), the necessary steps were taken to secure eligible agents for the Bondholders in Costa Rica, in anticipation of the contemplated action by a public meeting. This course was adopted, as Señor Yglesias had ceased to pay any attention to the numerous applications addressed to him on behalf of the Bondholders.

The Council and Committee, however, never relaxed their efforts. The contemplated public meeting was again postponed on the statement of the Commissioner that he was in negotiation with parties for means to complete the railway and to provide for the coupons.

It is to be regretted that the arrangement agreed upon

between Señor Yglesias and the Council and Committee was frustrated, as had it been carried into effect, the credit of Costa Rica would have been preserved, and, moreover, it was hoped that the means necessary for the completion of the railway, the proceeds from which are pledged as security for the Loan, might thereby be obtained.

In July, Señor G. Nanne, the Chief Manager of the Costa Rica Railway, arrived in this country for the purpose of facilitating an arrangement for the construction of that railway, but did not place himself in official communication with the Council and Committee.

In consequence of the prolonged default, and in the absence of any steps on the part of the Government to come to any arrangement with the Bondholders, a special meeting, under the terms of the General Bond, was convened by Messrs. Knowles and Foster, the agents for the Loan, for the 7th August last, and Messrs. T. Farrer and E. R. Meugens, the former an English merchant, long resident in the country, the latter H. B. M. Consul at Costa Rica, were appointed receivers of the revenues generally hypothecated to the Bondholders, under the supervision of a Commission of six Bondholders.

The necessary legal documents were prepared, and dispatched to Costa Rica, duplicates being sent through the Foreign Office ; at the same time Lord Derby consented to authorise Mr. Sidney Locock, H. B. M. Minister Resident in Central America, to support unofficially the interests of the Bondholders.

The documents above referred to were addressed to the President of Costa Rica, but the Government of that country declared themselves unable to take official cognisance of the appointment of the agents, on the plea that the communications in question should have been addressed to the Minister of Finance.

The object of the Government appears to be to gain time

by any possible excuse, and in the meantime to propitiate the Bondholders, as far as possible, by the courteous treatment of their agents.

Arrangements have been made by the Commission with the agents for the remuneration of the latter, and with the Council of Foreign Bondholders for the provision of the necessary expenses of the agency, as well as those incident to the appointment of the Special Commission. Messrs. Knowles and Foster have liberally contributed towards this outlay.

Señor Nanne has returned to Costa Rica in order, it is stated, to consult his Government and to obtain further powers; meanwhile there is no immediate prospect of an arrangement.

The Council have been furnished with a copy of the correspondence of the contractors respecting the Six per Cent. Loan. They have expressed their willingness to co-operate with the Council in any measure that may be deemed necessary in consequence of the default on the November 1874 coupon of that Loan. Numerous applications of Bondholders have also been received, calling upon the Council to take the necessary measures for the appointment of a Committee and of receivers for that Loan.

As all representations on this subject to Señor Yglesias have proved fruitless, it is intended to convene a meeting shortly.

## UNITED STATES OF COLOMBIA (NEW GRANADA).

### New Granadan Committee.

I. Gerstenberg, Esq., *Chairman*. E. Jeggins, Esq.

Captain Craigie.

A. Northen, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Bankers for the 6 % Loan.*

London and County Bank.

*Agent at Bogota.**Bankers for the 4½ % Loan.*

London and County Bank.

Charles O'Leary, Esq., H.B.M.'s  
Vice-Consul.

The additional Convention, modifying that of the 1st January, 1873, by the abandonment of the contemplated Colombian Land Company, was signed in London, on the 18th December, 1873, subject to the ratification of the Government at Bogotá.

The concessionaires of several railway enterprises in Colombia having applied to the Council for advice and assistance in carrying out their undertakings, they were invariably informed that it was necessary that the Government should satisfactorily carry out the terms of the recent Conventions, as well as any outstanding claims of Bondholders, before any new Colombian securities could be successfully placed on the London market.

A proposal to purchase the 2,000,000 hectares of land conceded to the Bondholders under the Convention of the 1st January, 1873, could not be entertained, as the abandonment of the Land Company had already been voted by the Bondholders.

On the departure of Mr. O'Leary for England, Mr. Robert Bunch, H.B.M. Minister Resident at Bogotá, consented to take charge of the interests of the Bondholders during his absence.

Mr. O'Leary gave a favourable account of the peaceful and progressive state of Colombia; the customs receipts are steadily increasing, and are estimated to exceed, in a short time, \$3,000,000 per annum, in which case the Bondholders will receive interest at the rate of 5 per cent. instead of 4½ per cent.

The President recommended to Congress the ratification of the arrangement cancelling the Land Grant, as principally desired by the Dutch Bondholders, but he at the same time intimated that the settlement of expenses and of outstanding bonds and certificates can only be decided by Congress.

The new Convention was ratified by Congress in March, 1874, and the Land Company accordingly abandoned. The Land Certificates in circulation were exchanged for the 4½ per cent. External Bonds of the 1873 issue, together with a certificate for the first year's coupons, which had been applied towards the expenses of the conversion.

At a public meeting of the Bondholders, resolutions were passed accepting the modified convention of the 18th December, and the Council were requested to address another memorial to the Government in reference to the portion of expenses not provided for by the Government, which was accordingly done on the 30th May. On the receipt of the reply of the Government to the memorial, arrangements will be made for dealing with these certificates.

The Dutch Bondholders withdrew their opposition to the transfer of the funds in the hands of Messrs. Baring Brothers and Co., the proceeds of former remittances of the Government for service of the old debt, to the present bankers of the Republic, the London and County Bank, for the purpose of being applied to the redemption of the Bonds of the 4½ per cent. External Debt.

The official quotation for the new Bonds was granted by the Committee of the Stock Exchange in July last.

In the month of August last, H. E. Señor Don Felipe Zapata, the new Minister of Colombia, arrived to take the place of Señor Don Justo Arosemena. Messrs. Baring Brothers and Co., having transferred the greater part of the funds in their hands to the London and County Bank, to be applied



to a special drawing of the Bonds, under the terms of the Convention of the 1st January, 1873, it was proposed by the Minister to hold the drawing in the month of September or October, but at the request of the Amsterdam Bourse this period was extended.

In the month of November, Messrs. Baring Brothers and Co. transferred the balance of the Government funds in their hands to the London and County Bank, and the amount to be applied to the special drawing was augmented to £48,800.

A protest having been received against the application for the drawing of a further sum of about £573, proceeding from coupons of New Granada Bonds, due prior to June, 1864, in which protest the Council fully concurred, it was agreed, at an interview with H. E. Señor Zapata, to refer this question to the Government, His Excellency further agreeing to recommend to his Government an amended settlement of the other pending questions.

A letter to the President on this subject was despatched by the mail of the 16th December last, and it is hoped that an equitable arrangement will be conceded.

At the public drawing, on the 17th December last, £48,800 Bonds were drawn, reducing the  $4\frac{1}{2}$  per cent. Bonds of the External Debt of 1873 in circulation to £1,951,200.

The conversion is practically complete, a very small number of New Granada Bonds only being still outstanding.

The Council have great pleasure in stating that the monthly remittances for the service of the Debt have been received by the London and County Bank with the utmost regularity since the 1st January, 1873, the date of the Convention, and that the remaining questions still unsettled are likely to be satisfactorily disposed of in due course.

As regards the Colombian Six per Cent. Loan of 1863, a



monthly payment of \$10,000, proceeding from the salt duties, has been satisfactorily arranged, pending the notification by the Government of an earlier redemption than could be effected by the above rate of payment, estimated to require about five years.

In the case of the Colombian Five per Cent. Loan of 1868, the legality of which was impugned by the Government for various reasons, the Council have great pleasure in stating that a satisfactory arrangement has been conceded by the Government, by means of which the very small outstanding amount will be discharged in all cases where a *bonâ fide* possession of these Bonds can be proved.

## VENEZUELA.

### Venezuelan Committee.

I. Gerstenberg, Esq.,	<i>Chairman.</i>	Major-General J. L. Vaughan,
E. Jeggins, Esq.		C.B.
E. Jonas, Esq.		Admiral Sir Provo Wallis,
J. Leonino, Esq.		G.C.B.
F. Obicini, Esq.		<i>Secretary.</i>
Major Jelfs Sharpe.		H. Schirges, Esq.

The Council in their last Annual Report referred to the action of some holders, by whose co-operation the agent of the Government of Venezuela succeeded in dividing the Bondholders and in obtaining their assent to an unsatisfactory convention, which was agreed to, after some modifications, subject to its ratification by the President.

It was clearly pointed out at that meeting that no reliance could be placed on the execution of the agreement, and subsequent events justified this prediction.

The President's answer being at length received, was to the effect that the agreement could not be ratified, Congress having made it a *sine quâ non* that the construction of the railway from Caraccas to the coast should previously be secured by the raising of fresh capital for that purpose.

A General Meeting of Bondholders, convened by the temporary Committee, was in consequence held on the 25th November, 1874, by which the proposals of the Government were indignantly rejected.

## ECUADOR.

It was stated by the Council last year that they entertained strong hopes of receiving a proposition from this State, which hopes were strengthened by the failure of an intended local loan for the construction of a railway to Guayaquil. Several interviews with General Salazar, the Minister at Paris, and Señor Gonzales, the Consul in London, took place, but as the proposed arrangements were based on the condition of a new loan being raised for the purposes of the railway, at fixed terms, these negotiations led to no satisfactory result, although the increasing revenues of the country afforded the means of an equitable adjustment of the debt and of restoring the credit of the Republic.

His Excellency Don A. Flores, the Minister to the United States of America, arrived shortly afterwards in this country, charged with the mission of effecting an arrangement. Numerous interviews and conferences were held; but the Council did not feel justified in recommending the proposed terms to the Bondholders for acceptance.

As the powers of His Excellency were limited, the general

features of an arrangement were discussed with some leading Bondholders, and duly communicated to His Excellency, for reference to his Government.

It is hoped that some favourable reply may be received, and that Ecuador will regain her position in the money markets of the world.

## PERU.

As soon as the terms of the contract entered into in August, 1869, between the Peruvian Government and Messrs. Dreyfus Brothers and Co., for the sale of two million tons of guano became known to the Bondholders, much dissatisfaction was expressed with Art. 18 of the contract, which by implication abrogated the priority of the Bondholders lien in respect of the proceeds of sales of guano, for interest and sinking fund. A Committee was appointed, which, after correspondence with the Government and contractors, succeeded in securing the rights of the Bondholders. The functions of the Committee being at an end it was dissolved.

The Council, however, have continued to maintain a friendly correspondence with the Government of Peru, which has been of reciprocal advantage. It is of paramount importance to a country like Peru, possessing valuable assets, and engaged in the construction of extensive public works requiring large expenditure of capital, that she should have the cordial co-operation of those interested in her prosperity. The Council consider Peru to be of so much importance to the bondholding interests that they are disposed, when circumstances permit, to appoint a special agent for that country. Meanwhile they have cultivated most cordial relations with the Legation, and have, through their correspondents, placed themselves in direct communication with the President,

who manifests the most loyal disposition towards the foreign creditors.

The Council were able finally to bring into practical effect the arrangement made in the first instance with Messrs. J. Henry Schröder and Co., with regard to the Six per Cent. Loan of 1870. This having been ratified by the Government, in conformity with the negotiations carried on between Don Pedro Galvez and the Council, a number of the 1870 Bonds were, in the months of April and October, withdrawn from the market by the application of the sinking fund provided by the above arrangement, and the same operation will be pursued this year.

The new discoveries of guano are a subject of much moment to the Bondholders, and not the less so since the quantity and quality of the deposits have been the subject of much controversy in the public press. The presence in London of Mr. Hindle, an engineer of long experience in Peru, induced the Council to convene, at the Councilhouse, two private meetings of leading Bondholders, to hear his explanations. His statements confirmed the results of the preliminary surveys, and produced a favourable impression.

It has, however, been the opinion of some leading Bondholders that an independent detailed survey should be undertaken by the Council on behalf of the general body, and a correspondence has taken place with the Peruvian Government, from which as yet nothing definite has resulted, although the Government appears inclined to meet the views of the Bondholders to a certain extent.

As is well known, great depression of Peruvian securities has prevailed, and many applications have consequently been made to the Council. To have convened the Bondholders in a public meeting might have been regarded as an unfriendly act towards a Government possess-

ing such great resources as Peru, and might have weakened instead of strengthening the action of the Government. At the same time, a meeting without definite aim, far from allaying public anxiety, would only tend to increase it.

The contract between the Peruvian Government and Messrs. Dreyfus Brothers and Co., will expire in July, 1875. The interests of the Bondholders will be sufficiently protected in respect of any fresh contract which the Government may enter into with responsible parties for the sale of guano, provided the terms and spirit of the seventh clause of the General Bond of the 1872 Loan are strictly observed.

## BOLIVIA.

The events of the past year have brought no satisfaction to the holders of Bolivian Bonds.

The Committee, who act independently of the Council, having thought it desirable to institute proceedings in Chancery, the judgment of the Master of the Rolls was rendered on the 11th December, 1874; he decided that the National Bolivian Navigation Company and the Madeira and Mamoré Railway Company, Limited, were entitled to apply the United States Bonds vested in the names of the Trustees, and the interest accruing thereon in payment for the works of the railway referred to in the prospectus in proportion to the progress of such works.

This decree left the question of the claims of the Government of Bolivia to these funds still open.

The dividends were met at maturity, but the drawn bonds payable in January were only paid to the extent of 33 1-3 per cent., leaving the balance undischarged. The sum set apart for the dividend and sinking fund was

thereby exhausted, and that portion of the loan only remains which is reserved by the recent decree of the Court for the construction of the railway, pending any other decision on the Bill filed by the Government.

The Commissioners of the Government thereupon annulled the concession for the Railway, claiming at the same time the balance of the 83 per cent. of the Loan deposited in the Bank of England, as the property of the Government.

Meanwhile, the Government of Bolivia have enacted a law to the effect that the 83 per cent. of the proceeds of the Loan of 1872 shall be destined to the construction of the Madeira and Mamoré Railway, that the co-operation of the Empire of Brazil be forthwith solicited for the raising of the requisite further funds for the completion of the said railway, failing which the present concessionaires were to supply them on their own account. A diplomatic agent in London was to be appointed, charged with the special duty of terminating the lawsuits and of making arrangements for the construction of the railway.

## PARAGUAY.

In the last Annual Report, the Council referred to the great depreciation in the price of the securities of this country, and the events of the past year have shown the cause of this downward tendency. The drawing for the Loan of 1871 was to be held on the 15th May; the Council were, however, previously informed that no provision for the payment of drawn Bonds had been made, nor for the dividends about to mature. The Consul-General of Paraguay in London declined to interfere, and under these circumstances the contractors did not

effect this and the subsequent drawings of the Loans of 1871 and 1872. The dividends likewise remained unpaid. A memorial was addressed to the President by the Council, on the 15th June last, to which no reply has as yet been received.

In the course of the month of November, two Special Commissioners, sent by the Government, arrived in London for the purpose of inquiring into the question of the Loans, and of coming to an arrangement with the Bondholders. The Council have been in communication with them, and they promise a settlement to the extent of the means of the country. They propose an assignment of the duty on the Yerba Maté, or Paraguayan Tea, estimated to yield about £42,000 per annum, but no practical steps to carry out this proposal have as yet been taken by them. The Commissioners state that not much more than one-half of the total amounts of the two Loans is in the hands of the public, and that the rest remains at the disposal of the Government. It appears that there are differences between the Government and the contractors in reference to the Bonds purchased on behalf of the Government and the moneys expended in the emigration scheme. The disastrous failure of this scheme will be in the recollection of the Bondholders, from the public comments that appeared thereon at the time.

There is no doubt of the impoverished condition of the country in consequence of the late sanguinary war. The main resources of the Government consist in the customs duties, which, although steadily improving, scarcely, if at all, suffice to meet present requirements. Strict economy might enable the country to meet, to a certain extent, the service of the two Loans, and it is hoped that something will be done to that effect. The country is at peace, and trade and industry seem to be reviving. The Council learn with regret that public



lands and buildings hypothecated to the Bondholders are being extensively sold at very low prices by order of the Government. The rich soil of the country is capable of producing immense crops, particularly of maté and tobacco, but the depopulation of the Republic must make its regeneration a work of time.

## URUGUAY.

The great fall in the price of the bonds of the External Debt of this country caused considerable alarm and anxiety to the Bondholders. The public comments on the disordered state of the finances, the decreasing revenues, the failure of the negotiations for a new loan, coupled with political disturbances, all tended to assist this downward tendency.

Uruguay has, however, in spite of all her difficulties, steadily fulfilled her financial obligations to her European creditors, and there is every reason to hope that the almost unrivalled commercial position of the country and its great natural resources will enable it to adhere to the policy of strict financial integrity hitherto pursued.

It has been suggested that a public meeting of the Bondholders should be called by the Council, but as no default has taken place, or is reasonably to be expected, the beneficial results to be derived from such a meeting are not apparent.

## AGENCY, MISSIONS, AND CORRESPONDENTS.

Among the various missions undertaken during the past year in furtherance of the interests of the Bondholders, the most important have been those respectively undertaken by two Members of the Council, Mr. Roger Eykyn and the Hon. Hugh M'Culloch, who have on these occasions volunteered their services as Honorary Commissioners on behalf of the Council.

Mr. Eykyn proceeded to Madrid at a few hours' notice, to effect with Señor Camacho, the Finance Minister, an arrangement in respect of three overdue coupons of the Spanish External Debt. With that Minister he agreed upon certain bases of settlement, which were submitted to, and approved by, a General Meeting of Spanish Bondholders. A few days after his return to London, and before he had recovered from the ill effects of a long journey, undertaken in the depth of an inclement winter, Mr. Eykyn again volunteered to go to Madrid for the purpose of finally completing with the Spanish Government the terms of the contract for settlement as approved by the Bondholders. On his arrival at Madrid he found a new Government in power. Notwithstanding this difficulty, he succeeded in arranging with the new Ministry the terms of settlement, and before leaving Madrid obtained the signature of the new Finance Minister, Señor Salaverría, to the formal contract, as well as a decree of approval under the sign-manual of King Alfonso XII.

The Council, on this occasion, as throughout the whole negotiations, were zealously assisted by their resident agent at Madrid, Mr. John Hamilton, who, on behalf of English and Foreign Bondholders, had previously pressed their claims on the Spanish Government.

In the negotiations relating to this settlement, the Council

were fortunate enough to obtain the co-operation of many gentlemen who rendered material services in London, Berlin, and Paris.

A conference at Richmond, to which further reference is made at p. 30 of this Report, convened in the autumn of last year by the Government of Virginia, appeared to be of importance, as the result of its deliberations might influence the policy of other embarrassed States. That the Bondholders should be fittingly represented at this conference was of moment. The Council and Committee were relieved from anxiety on this score by an offer of the Hon. Hugh M'Culloch to attend the conference on behalf of the Council, which he did at considerable inconvenience to himself.

The Honourable David A. Wells has continued to direct the negotiations in the United States in respect of the claims of the Alabama and Chattanooga Railroad Bondholders, and Mr. R. A. Smith, of Mobile, a lawyer of eminence in the State of Alabama, has acted as counsel to watch the interests of the Bondholders in proceedings before the United States Courts.

The London Committee of Alabama Bondholders, with the aid of the Council, as well as the Frankfort Committee, have made large advances in respect of these proceedings.

Dr. Jules Levita, the Delegate of the Council in Germany, has brought influence to bear on the Government and capitalists of that Empire, not only in matters of which he was the direct representative and adviser, but in those affecting the general interests of Bondholders.

The resident agent of the Council at Constantinople, Captain Stab, was in London during some months of the past year, when several Bondholders were enabled to confer with him upon the Turkish, Egyptian, and Greek financial matters.

The Council deeply regret that ill health has prevented

Mr. Lewis Drucker from resuming his mission to Athens, as delegate of the Netherlands Bondholders, in which capacity he has carried on an active diplomatic correspondence.

The Council have neglected no opportunity of placing themselves in direct communication with the Italian Government, and they will continue their representations.

From Peru, the Council have had the advantage of receiving the reports of two able correspondents.

During the absence of Mr. Charles O'Leary on leave in Europe, last year, Mr. Robert Bunch, Her Britannic Majesty's Minister at Lima, has most kindly superintended the proceedings of this important agency, from which monthly remittances are regularly received.

The retirement of Mr. Edwin Corbett from Central America will make it necessary to place the agency in Guatemala on a new footing. In Costa Rica, Mr. Farrer and Mr. Meugens, the latter Her Majesty's Consul, have been appointed to act as receivers for the Seven per Cent. Bondholders, and the Council, in conjunction with Messrs. Knowles and Foster, have made provision for their expenses. It appears probable that relations will also be established between the agents for the Six per Cent. Loan and the Council.

## DIPLOMATIC RELATIONS OF THE COUNCIL.

The operations of the Council respecting the Government Bonds of so many countries have necessarily led them into correspondence on several occasions with Her Majesty's Foreign Office; although it has been, and will continue to be, the endeavour of the Council to request as seldom as

possible, and, in every case to the least possible extent, the assistance of that department. The Council desire to acknowledge the good offices for which they are indebted to Her Majesty's Secretary of State for Foreign Affairs, and to Mr. Bourke and Lord Tenterden, the Under-Secretaries, as well as to numerous members of the Diplomatic Service. An employment of moral influence is all that is required for the solution of many of the most difficult cases that come before the Council, and is the utmost that they can venture to solicit at the hands of Her Majesty's Government.

The assertion by Mr. Layard of the principle of the just observance of contracts had undoubtedly a powerful and salutary influence in Spain with reference to the negotiations of the Council for a settlement of the overdue coupons of the Spanish External Debt, at a time when the Press of that country was compelled to silence, and public opinion could not be freely expressed.

The Council have had occasion to profit by the good offices of Her Majesty's Government in communicating with the Governments of Santo Domingo, Costa Rica, and Salvador, and have had the advantage of the friendly aid of Her Majesty's representatives in other countries.

Applications and representations of the Council have also been favourably entertained by the Governments of Germany, France, the United States, and Holland.

A volume of correspondence relating to the affairs of the 1858 and 1862 Ottoman Loans was published by the Foreign Office on the motion of Mr. Forsyth, M.P., in which many of the documents relating to those loans will be found.

The Council take the opportunity of expressing their sense of obligation to the many members of the diplomatic and consular body from whom they have received assistance. In many cases, this assistance has been rendered by the

exercise of purely personal and private influence, under most difficult circumstances.

Mr. Bunch, Minister Resident at Bogotá, has returned to that Legation, and it has been a matter of gratification that the consolidation of the public debt, and the recognition of many English claims effected under his auspices, have tended not a little to strengthen the Government of the United States of Colombia, and to assure its credit.

The retirement of Mr. Edwin Corbett from the post of Her Majesty's Minister Resident in Central America, upon his being accredited to the British Legation at Berne, afford an occasion for referring to the many services rendered by him in various emergencies. The restoration of the credit of Guatemala has been successfully accomplished by the measures supported by him for the resumption of the current interest of the debt, and the redemption of the arrear coupons.

Mr. Corbett has been succeeded as Minister in Central America by Mr. Sidney Locock, who is well known as having been previously Secretary of Embassy and Chargé d'Affaires at Constantinople, and as the writer of interesting and valuable reports upon the finances of Turkey.

It may be observed, that Mr. T. J. Hutchinson, on his retirement from the Consulate at Callao, had published the results of his observations on the guano deposits and resources of Peru, in a work of which he kindly presented a copy to the Library of the Corporation. In a previous work Mr. Hutchinson had given similar information with respect to Paraguay.

Her Majesty's Foreign Office and that of the United States have continued to furnish the Library and Record Department with many valuable publications.

## INTERNATIONAL PROTECTION OF BOND-HOLDERS.

The nature of the responsibility incurred by Sovereign States in respect of loan contracts entered into between them and the citizens of foreign countries, and the best means to be adopted for the protection of the creditor, in the event of total breach of the obligation, or temporary inability to fulfil its terms, are subjects to which the attention of the Council has necessarily been directed. Breaches of contract between citizens of the same State form the subject of adjudication before municipal tribunals by the application of the principles of municipal law ; but in the case of breaches of contract committed by the Executive of Sovereign States, no such remedy exists. The practice of the English Courts, both of Equity and Common Law, has been uniformly in favour of the privileged exemption of Sovereign States in all matters of private contract. There is no recognised international tribunal to which such differences can be referred, nor is there such an agreement between jurists of various nations, as would facilitate the codification of the principles which should govern their adjustment ; and, lastly, even assuming that these difficulties were overcome, and a possibility existed of obtaining a formal judicial decision upon the matters in dispute, there would remain the further, and practically insuperable difficulty, of executing the process of the Court.

In the absence, then, of any means of enforcing the performance of such contracts, or of obtaining damages for their breach by process of law, there is the greater need for the due exercise of that moral influence by which alone the maintenance of public credit is secured. This influence is



capable of being exerted in various ways. Remonstrance on the part of the Government of the creditors in cases when it appeared plain that the defaulting State is disposed to set moral obligations at defiance may be resorted to in extreme cases. That it is quite within the province of the Foreign Office to make such remonstrances is beyond question ; and the following extract from a circular addressed by Lord Palmerston in January, 1848, to British representatives in Foreign States, clearly shows that the existence of this right of remonstrance is not unknown to diplomatists:—

“There can be no doubt whatever of the perfect *right* which the Government of every country possesses to take up as a matter of diplomatic negotiation any well-founded complaint which any of its subjects may prefer against the Government of another country, or any wrong which, from such Foreign Government, those subjects may have sustained ; and if the Government of one country is entitled to demand redress for any one individual among its subjects who may have a just but unsatisfied pecuniary claim upon the Government of another country, the right so to require redress cannot be diminished merely because the extent of the wrong is increased, and because, instead of there being one individual claiming a comparatively small sum, there are a great number of individuals to whom a very large amount is due.

“It is therefore simply a question of *discretion* with the British Government whether this matter should or should not be taken up by diplomatic negotiation, and the decision of that question turns entirely upon British and domestic considerations. . . . Nevertheless it might happen that the loss occasioned to British subjects by the non-payment of interest upon loans made to them by Foreign Governments might become so great that it would be too high a price for the nation to pay for such a warning as to

the future, and in such a state of things it might become the duty of the Government to make these matters the subject of diplomatic negotiation."

It is, however, obvious that practically diplomatic intervention could only be claimed and would only be accorded under very exceptional circumstances, and the Council are satisfied that the surest guarantee for the international protection of public credit is to be found in the maintenance of a healthy public spirit, and the probable need of raising money by fresh loans which is experienced by nations whose financial condition is such as to incline them to make default in respect of their past debts. Any expedient by which wilfully defaulting States can be in effect "posted" on the Stock Exchanges and Bourses of Europe, is likely to prove in the end the most practical vindication of the Bondholders' rights. The issue of "certificates of default" is an expedient by which this end may ultimately be attained, and to which recourse has already been had with success.

The adoption of extreme measures is, however, by no means the course advocated by the Council of Foreign Bondholders. It is rather their policy to treat a State as they would an individual, and with that view they have laid down certain principles which guide them in their negotiations in respect of the defaults of Foreign States and the rights of the English creditors. These principles are expressed in the 63rd Article of the Rules laid down upon the incorporation of the Council of Foreign Bondholders, which provides that "Whenever any Foreign Government shall be unable to fulfil its obligations to Bondholders, the Council shall advocate an arrangement under the observance of the principles that no arbitrary modification of existing contracts shall take place; but that the consent of the Bondholders shall be obtained; that the Government shall pay on account as much as it can, and remain responsible for the balance;

and that fair and reasonable compensation shall be given for the modification of any contract."

During the autumn of last year, a Conference of jurists and public men of various countries was held at Geneva, having for one of its objects a discussion of the possibility of international agreement upon the principles of law which should determine the liability of Sovereign States and foreign subjects in their relations with one another. As a preliminary condition to the application of the moral force which is, after all, the sole ultimate sanction in such cases, there can be no question as to the advantage that would result from such an agreement. The Chairman of the Council attended the Conference, and in the course of some observations which he made upon the subject of maintenance of public credit, fully admitted the advantage that might possibly result from the establishment of an impartial association such as was contemplated by the Conference, whose public deliberations would serve to give expression to public opinion, which might thus be made to act with a stronger moral influence upon a defaulting State.

## STOCK EXCHANGE AND BOURSES.

The correspondence of the Council with the Committee of the Stock Exchange has been chiefly directed to the communication of intelligence respecting Foreign Bonds, and of the resolutions adopted at meetings of Bondholders.

A similar correspondence has been maintained with the Bourses of Amsterdam, Frankfort, Paris, and Brussels, and to some extent with the Committee of the Stock Exchange of New York. The severe losses inflicted by American defaults

have tended to unite foreign capitalists in a common course of action.

The Council find that with the extension of their relations there is a daily increasing amount of correspondence with individual holders on the Continent respecting their claims and the condition of their investments. In many cases the agency of the Council is alone available for their assistance.

## PUBLIC WORKS.

The Council have continued to take an active interest in all matters affecting the development of the resources of Foreign States, and they hope that in time the Record Department will afford valuable material for reference on all such subjects.

Much labour and attention have been devoted by Mr. Rumball, the advising engineer of the Council, to the examination of the plans of various undertakings, in order to promote their realisation by furnishing reliable data respecting them to Bondholders, capitalists, contractors, and others interested.

The extension of the means of transport, and especially the establishment of railway communication between the temperate table land on which Bogotá, the capital, is situated, and the river Magdalena, the principal channel of water communication through the fertile lowlands to the seaports is an object of vital importance to the United States of Colombia, and the Council have had before them plans in furtherance of these undertakings, as well as of the proposed Cauca and the Paturia Railway.

The Government of Guatemala is desirous, on its restoration to prosperity, to obtain a railway for the shipment of its coffee produce, and to this matter also the Council have devoted much time.

The Costa Rica Railway, in which the Bondholders are interested, has naturally engaged attention, as it may be necessary to concert measures with the Government for its completion.

As one means of bringing about a restoration of credit in Santo Domingo, the Council have favourably entertained proposals for the promotion of public works. It was in this spirit they regarded the proceedings of the Samaná Bay Company, and they have had under consideration the plans for a railway in the Savannah, from the capital to Samaná Bay.

The condition of the Alabama and Chattanooga Railway, and the means for putting it in a state of efficiency, have been the subject of much anxious care and examination.

The development of the resources of Mexico would be materially hastened by the establishment of railway communication between that country and the United States. The railway already existing between the capital and the Atlantic ports promotes the internal development of the country, but to obtain ready access to the United States would be equivalent to becoming co-partner in the prosperity of that great Empire. The Council therefore regarded proposals made to them on this subject by the Hon. Mr. Plumb with much favour, but the neglect of the Mexican Government to effect an arrangement with the Bondholders appears to render any present action impracticable.

A like consideration has precluded the Council from entertaining various applications in connection with the promotion of railway and mining undertakings in Greece.

Among the countries possessing great resources in which

Bondholders are interested, and to which the attention of the Council has been directed, are Virginia and Western Virginia. It is deeply to be regretted that a disregard for public obligations and the hardships inflicted upon their creditors, stand in the way of the fulfilment of the wishes of the citizens of those States, and of their friends.

The question of the extent of the new guano deposits in Peru is of such importance that the Council most willingly co-operated with the Legation in the elucidation of this question. Their advising engineer undertook a laborious investigation of the plans and reports, and also indicated the measures by which a detailed survey for the satisfaction of the Bondholders can be effectually accomplished.

## LIBRARY AND RECORD DEPARTMENT.

The work of indexing the Records has proceeded during the year, but much remains to be done, as attention was first directed to the collection of information.

The Prospectuses of Loans and Public Companies have been regularly recorded for some years, and the department has the loan of a large collection, extending over forty years.

For all these purposes the contributions of Governments, of Members of the Corporation, and of others, are most desirable.

When, on the 1st of August, 1873, the Corporation took possession of the Councilhouse, the Members had been already provided with a collection of record books, pamphlets, and other documents, necessary and useful for carrying out the objects of the establishment.

The Council, soon after that date, addressed a circular,

stating the objects of the Corporation to the Presidents of the different States and other Authorities, requesting contributions to the Record Department of the Corporation.

In the course of last year, answers and contributions were received from Her Majesty's Secretary of State for Foreign Affairs, and the Governor General of India, the Governors of New South Wales and Victoria, from the Secretary of the United States Treasury, from the Governors of the States of Illinois, Massachusetts, Washington, the District of Columbia, from the Governor of Bolivia, from the Russian, Danish and Belgian Ministers of Finance, from the President of the Bourse of Buenos Ayres, and from Mr. J. G. Seacome, of Lima, and Mr. W. Mallet, British Consul at Cartagena, and others.

Contributions were likewise received from the late General Beaumont, Colonel Rowland, Mr. T. E. Habicht, Don C. E. Soto, the Hon. Edward Lee Plumb, Mr. S. Kemp, the American Agency, Sir Antonio Brady, Mr. Artingstall, Mr. Charles Heap, and others, and several valuable works from their authors, Mr. E. Seyd and Mr. Thomas J. Hutchinson.

The additions made to the Library by purchase have been very limited; and yet, from its very small beginning, the Library has increased to more than 800 volumes and pamphlets, and is capable of affording information in many of the cases for which it was intended. This is exclusive of the special record books of Loans, which are already counted by hundreds.

There is, besides, a collection of maps and charts, chiefly presented by the United States Government to the Corporation, and a number of other maps relating to railways and mines, frequently containing minute details which are not supplied by more pretentious illustrations.

Representatives of foreign countries, as well as Bankers,



Loan Contractors, many Bondholders, and others engaged in finance and public works, have in the course of last year availed themselves of the information offered them by the Record Department of the Corporation.

## PUBLICATIONS AND ANNOUNCEMENTS.

The principal publications of the Council during the past year have been the following :—

SPANISH SECOND REPORT,

Do. PROCEEDINGS IN THE HOUSE OF LORDS,

Do. MEMORANDUM IN ENGLISH AND SPANISH ON  
THE BREACH OF THE CONTRACT OF THE 4TH APRIL, 1874.

LOUISIANA CIRCULAR,

ALABAMA AND CHATTANOOGA RAILROAD REPORT OF THE  
COUNCIL AND COMMITTEE OF BONDHOLDERS.\*

VIRGINIA REPORT.

Besides numerous publications in the press relating to Spain, Italy, Greece, Turkey, Liberia, Virginia, Florida, Alabama, Louisiana, Santo Domingo, Mexico, Costa Rica, Guatemala, Honduras, Colombia, Venezuela, Peru, Paraguay, and other countries.

These announcements have been communicated in special cases to the Bourses of the Continent. Co-operation was thus secured where deemed necessary for the protection of the common interests of the Bondholders.

## LOST BONDS.

All applications to the Council in reference to bonds lost or stolen have received due consideration, and such assist-

\* This Report has as yet been supplied in proof to the Members of the Council and Committee only. See p. 38 *ante*.

ance as the state of the law relating to securities to bearer lost in the different countries have enabled them to render.

It has been the constant endeavour of the Council to obtain for claimants in the case of lost securities the advantages of the practice which prevails in this country of giving new securities on a satisfactory indemnity. They regret to say that in most instances, the prevalence of different laws on the subject in various countries affords a sufficient temporary excuse for leaving individual applications barren of successful result. An instance of bonds of Italian Rentes to bearer was in point. A similar case, relating to bonds of the Canal Cavour Company (which bonds are about being exchanged for Italian Rentes to bearer), met with opposition on the same ground, although the Italian law was not strictly applicable to the case, the Company being established in England. Efforts made with regard to lost Russian coupons have proved equally fruitless.

## SAFE CUSTODY AND REGISTRATION OF BONDS.

The Council at one time contemplated making arrangements for taking charge of the securities held by members who might wish to be relieved of the risk and anxiety occasioned by keeping them in their own possession or depositing them with irresponsible custodians. Since then, another institution has nearly completed a building expressly constructed for that purpose, and its organisation seems to meet the want which has been so long experienced in this respect. The National Safe Deposit Company has erected a building in Queen Victoria Street, on the site adjoining the Mansion House, and has constructed in it a fire and burglar proof

vault, in which Bondholders may either hire safes for their own use, or deposit their securities.

It has also been proposed by a member of the Stock Exchange to lessen the risk attending dealings in securities to bearer, by substituting for them endorsed certificates (stating the nature and value of the securities) issued by the Bank of England on the bonds being deposited with them. Should the Bank of England not wish to undertake this duty, perhaps the Safe Deposit Company, or some similar institution enjoying public confidence, may be induced to assume that responsibility.

Mr. William Westgarth, a Member of the Corporation, on behalf of his clients interested in Colonial securities, continues to press the subject on the Australian Governments, and has favoured the Council with the following observations.

“This question is daily more urgent in the interests of permanent investors and trusts, whom the bearer form of stock, now so universal for the sake of the Stock Exchange, does not suit. The case may be briefly presented thus:—

“The Stock Exchange is indispensable as the wholesale buyer of new loans, and the bearer form best suits its temporary dealing or pledging purposes. Stock in that form has the transfer economies and facilities of bank notes. But to the repurchasing investor this unprotected form is not suitable, and all its marketable facilities are only causes of anxiety. To add to the investor’s trouble, the law has lately assured him that his bankers are not responsible for safe custody.

“The question is—how to meet the investor’s convenience without trenching on that of the Stock Exchange?

“The issue of a loan in partly registered partly bearer stock, does not satisfy the case. The registered portion re-

tains its disadvantage, and the whole loan is less marketable by want of uniformity.

“To surrender the bearer stock for a reissue of registered has been often tried, but without much effect, as it is too cumbrous and costly. Some disadvantage here has been obviated by the suggestion of Mr. Brance, of the Stock Exchange, that the issuing parties compound at the first for transfer stamp duties. They are to be reimbursed, or more than reimbursed, by the additional value given to their issues. This plan is now being tried with the £4,000,000 Dominion Loan issued last summer. But even here, besides the loss of the 2s. 6d. per cent. of bearer bond stamp, there is the exchange of the obligation documents, which is a risk and responsibility that most of the outside and distant issuing Governments will not encounter. This surrender of documents is also in general a difficulty with investors, and in trust cases especially.

“The following plan, which I have long since proposed to the Australasian Colonial Government, whose stocks are now so important an item of our market, seems to me to have fewest difficulties:—

“This is simply to register and unregister the original bearer bond. The appointed registrar may, when required, enface the bond conspicuously with the word “registered” and make an endorsement of particulars. Subject to certain precautionary formalities, he may, with like simplicity, discharge the bond from the register, and all this at some quite nominal cost. The registration being for holding, and not transfer, there is no transfer stamp duty, and upon deregistration the bearer character is restored, and the original stamp keeps in force.

“This plan is not quite free from difficulties, for the Stock Exchange prefer the ‘clean bond,’ and they object to the vista of possible trouble about verifying registration. Both

points merit consideration, and on the other hand the Stock Exchange owe something to the convenience of their great customer, the public. The first difficulty may be met by restricting the registration privilege to the larger bonds, say, at first, of £1,000, and the second might readily be adjusted by the privileged arrangement of 'the House' with its own members."

### UNCONVERTED BONDS.

The Council have, in the general interest, maintained that no Government shall arbitrarily cancel its obligations toward a contract creditor on the ground of prescription of time, or non-compliance with administrative requirements and restrictions, and that the most ample time shall be given for effecting conversions of securities.

The attention of the Council has been chiefly directed to the various classes of remnants of old Colombian and New Granada securities unconverted, and the Council are now endeavouring, in concert with the Government, to provide that in the conversion now proceeding under their joint direction, a reserve shall be made for such claims remaining unadjusted.

The Council have also, through the non-official intervention of the Foreign Office, pressed on the Government of Salvador claims still unsatisfied.

Applications from the holders of old unconverted Spanish Certificates have also received due consideration.

### DISPUTED BONDS.

The Government of the United States of Colombia having contested the validity of the Five per Cent. Loan of 1868,

the Council, on the requisition of the holders, have continued to press the subject on the attention of the Colombian Legation in London, and of the authorities at Bogotá. The Council are able to announce that a large proportion of the Bonds has been already provided for.

This important service has been rendered to the Bondholders gratuitously by the Council.

The Council have brought before the authorities of Guatemala a claim in relation to the balance of a small loan for the construction of a pier, for which bonds remain in circulation, while the claims of the parties to whom they were issued are contested by the Guatemala Government.

## CERTIFICATES.

The certificates issued by the Council for Anglo-Austrian Bonds and for Turkish 1862 claims have been redeemed.

The Council have continued to issue certificates of deposit for Alabama and Chattanooga Railroad Bonds.

Certificates have also been issued in reference to the conversion of New Granada Bonds into Colombian  $4\frac{1}{2}$  per cent. Bonds, including Colombian Land Company Certificates, fractional parts of  $4\frac{1}{2}$  per cent. Bonds, and certificates of claims for coupons in respect of the Colombian Land Stock. Most of the certificates issued have been already converted.

Application has been made to the Council for the issue of certificates of claims, in case the Government of the State of Louisiana should persist in the enforcement of the late arbitrary and unjust funding measure of the Legislature of that State.

## ARREAR COUPONS.

The arrangement made by the Council for arrear coupons of the Guatemala Six per Cent. Bonds has continued to proceed satisfactorily. The instalments of the Treasury Bills have been duly realised and remitted to Messrs. I. Thomson, T. Bonar, and Co., who have disbursed the same. The Council continue to watch the operation with the view of cashing the balance and distributing it as early as possible.

The arrangement for the Spanish coupons has been already duly detailed.

Several similar negotiations, which have however not yet been brought to an issue, have engrossed the attention of the Council.

## OBITUARY.

The Council deeply regret to have to report that during the past year death has deprived them of the services of some most valued colleagues and coadjutors.

Major-General Beaumont, who died in September last, was a leading Member of the Foreign Bondholders' Association from its formation in 1868. He took a leading part in the deliberations of the Council, and, though in impaired health, was to the last most assiduous in his attention to the work of the Committees of which he was a Member.

Mr. Samyntas Stannah, a Permanent Member of the Corporation, and a leading Member of the Spanish and the Roumanian Committees, afforded valuable assistance to the Council.



Mr. E. T. Wilson, LL.D., a Member of the Joint Commission for the Ottoman 1858 and 1868 Loans, died, after a short illness, in Switzerland, deeply regretted by his colleagues.

Mr. Edward Aubrey Moriarty joined the Corporation as a Permanent Member in 1874. As Foreign Law Adviser to the Council, he took a leading part in the labours of the Alabama and Chattanooga Committee, besides devoting his attention to many other questions of great interest to the Bondholders. He died suddenly in July last, very much regretted by those who had opportunities of cultivating close personal relations with him.

## CONCLUSION.

In dealing with a subject so vast in its details, and so important by reason of the magnitude of the material interests involved, the Council desire to observe that within the compass of an Annual General Report it is obviously impossible to do more than recapitulate briefly the principal transactions and negotiations which have come under the official notice of the Council, and in which they have been engaged on behalf of Foreign Bondholders during the past year.

In an institution still almost in its infancy, such weight of authority and completeness of organisation are not to be expected as lead to the immediate accomplishment of great results; especially when, as is the case with the Council of Foreign Bondholders, a daily increase in the subject matter claiming the exercise of its functions renders it difficult to cope adequately with an accumulating mass of correspondence and a lengthening array of vast and varied

financial details. Every effort will, however, continue to be made to carry out to the full the objects for which the institution has been incorporated. In this the Governing Body are assisted by an official staff, of which it is not so much the object of the Council to increase the numerical strength, as to encourage in its members the cultivation of thorough efficiency and zeal. With such means as they have at their disposal the Council will seek to promote to the utmost the sole object they have in view, namely, the best interests of the Bondholders, and they feel assured that in carrying out their endeavours they may rely in the future, as they have done in the past, upon the cordial co-operation and support of the Bondholders themselves. With that support the Council believe that important results will continue to be achieved ; without it the best efforts of the Council would be but labour in vain.

By Order of the Council,

I. GERSTENBERG,  
*Chairman.*

HYDE CLARKE,  
*Secretary.*

COUNCIL OF FOREIGN BONDHOLDERS,  
COUNCILHOUSE, 10, Moorgate Street, London, E.C.

*9th February, 1875.*





THIRD ANNUAL GENERAL REPORT  
OF THE COUNCIL  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

*Incorporated on the First of August, 1873,  
by Licence of the Board of Trade.*

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FOR THE YEAR 1875.

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TO BE SUBMITTED TO THE  
GENERAL COURT OF MEMBERS OF THE CORPORATION  
CONVENED FOR TUESDAY,  
THE 29TH OF FEBRUARY, 1876, AT TWO O'CLOCK,  
*At the Councilhouse, 10, Moorgate Street,  
in the City of London.*

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LONDON :  
COUNCILHOUSE, No. 10, MOORGATE STREET,  
FEBRUARY, 1876.



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COUNCILHOUSE, No. 10, MOORGATE STREET,  
FEBRUARY, 1876.



# THE CORPORATION OF FOREIGN BONDHOLDERS.

## NOTICE OF GENERAL AND SPECIAL MEETINGS.

NOTICE IS HEREBY GIVEN, that the THIRD ORDINARY GENERAL MEETING of the CORPORATION OF FOREIGN BONDHOLDERS will be held at the COUNCILHOUSE, No. 10, Moorgate Street, in the City of London, on TUESDAY, the 29TH day of FEBRUARY, 1876, at Two o'clock in the afternoon:—

To consider the Report of the proceedings of the Council, and the Statement of Accounts made up to the 31st December, 1875; to elect Auditors for the ensuing year, and to transact all such other business as may be transacted at Ordinary Meetings of the Corporation, and to pass Resolutions thereon.

And Notice is hereby further given, that on the conclusion of the ordinary business, the Meeting will be made SPECIAL, for the purpose of authorising the Council to award to their Chairman for the time being such annual remuneration for his services as the Council may from time to time fix and determine.

By Order of the Council,

HYDE CLARKE,

*Secretary.*

*February, 1876.*

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# MEMBERS OF THE COUNCIL.

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THOMAS MATTHIAS WEGUELIN, ESQ., M.P. } *Deputy*  
 SIR JOHN LUBBOCK, BART., M.P., F.R.S. } *Chairmen.*

GENERAL SIR GEORGE BAL-  
 FOUR, K.C.B., M.P.

FRANCIS BENNOCH, ESQ.

RIGHT HON. G. A. F. CAVEN-  
 DISH BENTINCK, M.P.

LIONEL N. BONAR, ESQ.

JOHN HENRY DANIELL, ESQ.

ROGER EYKYN, ESQ.

R. N. FOWLER, ESQ.

ISIDOR GERSTENBERG, ESQ.,

THE HON. ARTHUR KINNAIRD,  
 M.P.

ALEXANDER VISCOUNT KIRK-  
 ALDIE.

SIR FRANCIS LYCETT.

CHARLES MAGNIAC, ESQ.

RICHARD BIDDULPH MAR-  
 TIN, ESQ.

HON. HUGH McCULLOCH.

SAMUEL MONTAGU, ESQ.

SIR JOHN ROSE, BART.,  
 K.C.M.G.

SIR PHILIP ROSE, BART.

GEORGE SCHLOTEL, ESQ.

CORNELIUS SURGEY, ESQ.

WILLIAM TROTTER, ESQ.

HENRY TUDOR, ESQ.

CAPTAIN HENRY W. TYLER,  
 R.E.

ADMIRAL SIR PROVO  
 WALLIS, G.C.B.

GEORGE WYTHES, ESQ.

## Secretary.

HYDE CLARKE, ESQ.

## Chief Assistant.

E. KOZHEVAR, ESQ.

## Chief Translator and Superintendent of Records.

H. SCHIRGES, ESQ.

## Standing Counsel and Draftsman.

T. W. SNAGGE, ESQ.

## Solicitors.

MESSRS. J. TRAVERS SMITH AND CO.

MESSRS. NORTON, ROSE, NORTON, AND BREWER.

## Advising Engineer.

THOMAS RUMBALL, ESQ., M.I.C.E.

## Notary.

WILLIAM GRAIN, ESQ.

## Auditors.

MESSRS. JOHNSTONE, COOPER, WINTLE AND CO.

## Bankers.

MESSRS. ROBERTS, LUBBOCK, AND CO.

THIRD REPORT OF THE COUNCIL  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

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REPORT OF THE COUNCIL.

*On the Financial Situation and Administration of  
Affairs of the Corporation.*

FOR THE YEAR 1875.

IT is again the duty of the Council to lay before the Members of the Corporation the result of the labours of a year attended with considerable utility to Bondholders. The conciliation of differences of opinion cannot always be accomplished, neither can the Corporation or its Representatives give entire satisfaction in their endeavours. The slow but steady growth of the confidence of Bondholders generally is, however, the best test of the success of the efforts of the Council, and the most efficient source of its influence.

Among the many subjects which have engaged the attention of the Council during the past year, have been important matters relating to Spain, Alabama, Virginia, Louisiana, Turkey, Paraguay, Peru, Colombia, Bolivia, St. Domino, Salvador, Guatemala, and Ecuador.

Further details of these and other matters will be found in the Yearly Report of Transactions appended hereto.

The work of the Council continuously increases, and much time is needed to complete its organisation, so that the requirements of Bondholders should be fully provided for. To the accomplishment of this end, the constant attention of the Council is directed.

During the past year the first drawing has been held for the repayment of fifty of the Bond Certificates, issued to form a Guarantee and Endowment Fund. The Members will remember that this fund was provided by Loans of £100, repayable in drawings, with interest at 5 per cent. per annum, the transferable perpetual membership remaining to the Member, notwithstanding the repayment of his Bond.

Although the annual income has increased, it is not yet adequate for the purposes of the institution, enlarged as they are by the increasing demands upon it; and it is probable that for several years to come the Bondholders will require an increasing expenditure to provide for their permanent protection. It was always purposed that Commissions received on the larger transactions, after payment of expenses, should be applied to the redemption of the charges on the Endowment Fund, while the yearly subscriptions, commissions, and minor charges, should in time provide the current income.

The Council are of opinion that the time has now come for increasing the number of life and annual subscribers. For this purpose a circular will be addressed to Bankers and others interested in Foreign Investments.

The retirement of Mr. Gerstenberg from the Chairmanship, on the ground of impaired health, has been a matter of serious regret to the Council and other members of the Corporation, and has necessitated the consideration of the measures to be adopted in consequence. As the originator of the plan of this institution, Mr. Gerstenberg bestowed upon it zeal, labour and attention, such as cannot be expected from any other man. He brought also to the

discharge of his duties a long and special experience of many financial subjects, which enhanced the value of his services.

During the greater part of the year the labours hitherto undertaken by Mr. Gerstenberg have been discharged by the Acting-Chairman and some other Members of the Council.

The Council, after consulting many of the most influential members of the Corporation, and also of the bondholding community, are of opinion that the duties and great responsibilities resting on the Chairman should not be left to an unpaid functionary, but should receive adequate remuneration.

The functions of the Council having been hitherto gratuitously performed, the members do not propose to fill up the vacancy in the Chairmanship from their own body.

The General Meeting will, under these circumstances, be made special, to enable the Members to consider a proposal which will be submitted by the Council to make suitable provision for the remuneration of the Chairman.

The Council have, during the year, lost, by his retirement, the valuable co-operation of Mr. Simon Reuter, who had, during a long period, assiduously devoted himself to the concerns of the Corporation. They have also to report the death of their colleague, Mr. Alderman Paterson, who, as well on the Council, as by his services on the Turkish Committee and Joint Commissions for the Loans of 1858 and 1862, had taken an active part in the general business of the Corporation.

By order of the Council,

FRANCIS BENNOCH,

*Acting Chairman.*

HYDE CLARKE,

*Secretary.*

31st December, 1875.



## YEARLY REPORT ON PRINCIPAL TRANSACTIONS FOR 1875.

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THE Council resume their duty of laying before the members of the Corporation and several classes of Bondholders a brief account of some of the chief transactions carried on in their common interest during the third year of the establishment of the present Corporation :

### SPAIN.

#### General Committee of Holders of the Three per Cent. External Debt.

The Right Honourable Lord  
Hampton, G.C.B., *Chair-*  
*man.*

Augustus B. Abraham, Esq.

General Sir George Balfour,  
K.C.B., M.P.

Dr. A. Benisch.

F. Bennoch, Esq.

W. H. Bishop, Esq.

A. Blackborne, Esq.

Lionel N. Bonar, Esq.

Sir Antonio Brady.

Edmund Burke, Esq.

Andrew Cassels, Esq.

M. Castello, Esq.

Ed. Chadwick, Esq., C.B.

John Collinson, Esq.

Captain Craigie.

Robert Crawshay, Esq.

Chas. John Croke, Esq.

Colonel the Hon. H. B.  
Dalzell.

Geo. Dibley, Esq.

R. Dixon, Esq.

W. Duncan, Esq.

Roger Eykyn, Esq.

J. Figgins, Esq., Alderman.

Henry I. Fotherby, Esq.,  
M.D.

Captain T. Fuller.

Commissary-General R. M.  
Gardiner.

James Gardner, Esq.  
 Robert Gardner, Esq.  
 I. Gerstenberg, Esq.  
 John Goddard, Esq.  
 Wm. Grain, Esq.  
 G. de G. Griffith, Esq., M.D.  
 W. Griffith, Esq.  
 Rev. W. B. Harrison.  
 Spencer Herapath, Esq.  
 Geo. Herring, Esq.  
 Rev. W. Hodgson.  
 W. Hopkinson, Esq.  
 E. J. Hutchins, Esq.  
 E. Jeggins, Esq.  
 Jas. Birch Kelley, Esq.  
 Thos. Kent, Esq.  
 Capt. Gilbert T. Key, R.N.  
 Arthur Kimber, Esq.  
 G. I. Leon, Esq.  
 C. E. Lewis, Esq., M.P.  
 Chas. Magniac, Esq.  
 W. H. Mogg, Esq.  
 Rev. M. N. Nathan.  
 H. N. Nissen, Esq.  
 A. Northen, Esq.  
 Parkinson Oates, Esq., M.D.  
 M. J. Power, Esq.  
 J. Remfry, Esq.

D. Robinson, Esq.  
 Chevalier de Rosaz.  
 Sir Philip Rose, Bart.  
 L. M. Rothschild, Esq.  
 Christopher Rowlands, Esq.  
 Thomas Rumball, Esq., C.E.  
 Sir Charles Russell, Bart., M.P.  
 Dr. Max Schlesinger.  
 Thomas Sidney, Esq., Alderman.  
 H. Skynner, Esq.  
 H. Solomon, Esq.  
 General Edward Studd.  
 C. Surgey, Esq.  
 John Wade, Esq.  
 General J. L. Vaughan, C.B.  
 Lieut.-Col. Vickers.  
 Hon. Fredk. Walpole, M.P.  
 Chas. Waring, Esq., M.P.  
 Count. M. G. de Wezele.  
 J. H. Wolton, Esq.  
 Edwd. Wright, Esq.  
 G. Wythes, Esq.

*Secretary of the Committee.*

Hyde Clarke, Esq.

*Agent in Madrid.*

John Hamilton, Esq.

The exigencies of the Civil War having exhausted the available resources of the Government, the Council have been precluded from further pressing the claims of the holders of Three per Cent. Bonds on the Government. But when any delays occurred in the payment of the Coupons or drawn bonds of the Six per Cent. Land Mortgage Loan, the Council did not fail to make the necessary representations, in co-operation with the Bank of Castile, and always with success.

The settlement of the three Coupons of the Three per Cent. External Debt, due the 30th June and 31st December, 1873, and 30th June, 1874, under the conventions is approaching completion; over £6,000,000 having been already deposited at the Spanish Financial Commission in London and Paris, for exchange and conversion into Rio Tinto Five per Cent. Bonds (bearing interest from 1st January, 1875), for £30 and £175 New Spanish Three per Cent. External Bonds (with the Coupon due 31st December, 1874, attached) for each £100 of the above Coupons received.

After bringing these important and intricate negotiations to a satisfactory conclusion, it was most gratifying to the Council to receive the following Resolution, which was proposed at a meeting of the General Committee of the Spanish Bondholders, by the Chairman, Lord Hampton, and passed unanimously, viz. :—

*Resolved.*—‘ That the General Committee of Spanish Bondholders beg to tender their warm thanks to the Council of Foreign Bondholders for their valuable assistance in negotiating and carrying out the arrangements relating to the overdue Coupons.’

## TURKEY.

General Committee of Turkish Bondholders, acting in Co-operation with the Council of Foreign Bondholders.

C. F. Hamond, Esq., M.P. ( <i>Chairman</i> , 1862), <i>Chairman</i> .	T. W. Bradfield, Esq. (1872).
James Landon, Esq. ( <i>Deputy</i> <i>Chairman</i> , 1872), <i>Deputy</i> <i>Chairman</i> .	A. McNeil Caird, Esq. (1869).
F. Binney, Esq. (Five per Cent., 1865).	G. K. Corfield, Esq. (1862).
	H. W. Coxen, Esq. (1862).
	D. Davis, Esq. (1869).
	Dr. Dixon ( <i>Chairman</i> , Six per Cent., 1865 and 1870).

Mr. Alderman Figgins (1862).	Rev. M. N. Nathan (Six per Cent., 1865 and 1870).
G. Furniss, Esq. (Six per Cent., 1865 and 1870).	H. Norris, Esq. (1873).
W. Griffith, Esq. ( <i>Deputy Chairman</i> , 1873).	General Ommanney ( <i>Chairman</i> , 1869).
H. Guedalla, Esq. ( <i>Chairman</i> , Five per Cent., 1865).	E. Palmer, Esq. (1872).
Rev. W. Hodgson, M.A. (1862).	R. N. Phillips, Esq., F.S.A. ( <i>Chairman</i> , 1873).
J. Hunter, Esq. (Five per Cent., 1865).	F. Richardson, Esq. (1860).
C. Jacob, Esq. ( <i>Deputy Chairman</i> , 1869).	C. Rowlands, Esq. ( <i>Deputy Chairman</i> , Six per Cent., 1865 and 1870).
J. Mason, Esq. (Six per Cent., 1865 and 1870).	Joseph Sebag, Esq. ( <i>Deputy Chairman</i> , 1862).
J. Milligan, Esq. (1873).	H. Skynner, Esq. ( <i>Chairman</i> , 1872).
J. G. Morgan, Esq. ( <i>Chairman</i> , 1860 and 1863).	J. W. Walker, Esq. (1872).
W. Morris, Esq. ( <i>Deputy Chairman</i> , 1860 and 1863).	

Joint Commissioners for the Ottoman Loans of 1858 and 1862  
under the Convention of February, 1873.

I. Gerstenberg, Esq., <i>Chairman</i> .	<i>Secretary.</i>
Francis Bennoch, Esq.	Hyde Clarke, Esq.
Roger Eykyn, Esq.	
Thomas Rumball, Esq.	<i>Agent in Constantinople.</i>
H. A. Withers, Esq.	Captain Stab.

THE TURKISH DEFAULT.

As soon as the Decree of October 6th was promulgated, the Council, being moved by several parties most largely interested, convened, on the 19th of October last, a general meeting of Turkish Bondholders, which was presided over by the Right Hon. Hugh Childers, M.P., and was very

numerously attended. At this meeting the following resolution was unanimously adopted:—

“That in view of the course taken by the Imperial Ottoman Government, with reference to the interest and sinking fund on the Loans raised by that Government, it is desirable that the Council of Foreign Bondholders should take such steps as may be deemed advisable for the protection of the Bondholders, in co-operation with any persons appointed for that purpose as the representatives of the several classes of Bondholders, and that the Council be requested to take action accordingly, but that no agreement should be made with the Ottoman Government, except upon the basis of each class of Bondholders retaining the full advantage now secured to them under their special guarantees. That the Council be requested, as one of their first measures, to memorialise Her Majesty’s Government, and to seek their assistance.”

In accordance with that resolution, the Council immediately memorialised Her Majesty’s Government, and summoned separate meetings of the Bondholders of the respective Turkish Loans, with the exception of those of 1854, 1858, and 1871, as these had been in the meantime summoned by Messrs. Dent, Palmer and Co., the Contractors for those Loans.

Committees for every Loan were thereupon constituted under the rules and regulations of the Council, which Committees appointed delegates from their number to represent them in a Joint General Committee, representing all Turkish Loans, with the exception of 1854 and 1871, the Loan of 1858 being represented by the Commissioners of 1858, appointed under the Convention of February, 1873.

To these various Committees, and subsequently to the

Joint General Committee, the Council have given every support and assistance.

It is no part of the duty of the Council to report the steps taken by the General Committee with reference to the mission of their Chairman, Mr. Hamond, to the Porte. The General Committee will, no doubt, fully report upon these matters when the proper time arrives.

Under these circumstances the Council cannot but consider that they have acted throughout in accordance with the objects for which they were constituted, and they have the satisfaction of feeling that the Turkish Bondholders themselves, acting through their properly constituted representatives, have expressed entire approval of the course which has been adopted.

The General Committee at its last meeting, held on the 30th December, unanimously passed the following Resolution:—

“That this General Committee of Turkish Bondholders, representing the Bondholders of all Turkish Loans, except those of 1854 and 1871, have seen with surprise attacks made in two newspapers on the Council of Foreign Bondholders, and desire to renew their expression of thanks to the Council, and particularly to Mr. Francis Bennoch, the Member who acted as Chairman in co-operation with this Committee, for the steps they have taken, and the assistance rendered by them in their continuous efforts to protect the interests of the Bondholders.

## PORTUGAL.

The Government has been pleased to offer, on the representations made by the Council in behalf of holders of the Three per Cent. Loan of 1853, who had lost their Certificate

of eventual interest (whereby the bond had become unmarketable), to exchange these bonds for bonds of like amount in any of the Three per Cent. issues, on receiving a letter of indemnity with respect to the lost Certificate.

## ITALY.

The representations made to the Government as yet promise no satisfactory concession to the demands of holders of the General Debt residing abroad, as to the formalities now observed on the encashment of the Coupons.

## GREECE.

The Council are not yet in a position to report any satisfactory result to the holders of the 1824-5 Loans. The question of a settlement has been pressed on every favourable opportunity, and has been most effectively supported by Mr. Louis Drucker, on the part of the Dutch Bondholders.

The resources of the country are now sufficient to enable the Government to make an honourable settlement with the foreign creditors were it so disposed, but the differences between the various political factions in the State contribute to prevent the serious consideration of this important question.

## RUSSIA.

The Government continues to contribute most valuable information to the Record Department.



On the suggestion of the Council, that the advertisements relating to Russian Bonds should be published in the English papers in English instead of in French, the Government has been pleased to adopt this course.

### ROUMANIA.

On the action of the Council in behalf of the contractors of a previous Loan for the City of Bucharest, the Loan issued by Messrs. Devaux and Co. for that City has been withdrawn.

Shareholders in the Roumanian Railway have made representations to the Council as to the non-payment of the Coupons, but the Council have not been able to intervene, as the Directors declare that they are the representatives of the Shareholders who have exchanged for Shares the Bonds for which the Council were formerly the representatives.

### EGYPT.

The recent policy of the British Government in acquiring the Viceroy's interest in the Shares of the Suez Canal may be made, it is to be hoped, the basis for founding a system of administration better adapted to the real development of the resources of the country, and the establishment of its credit.

### TUNIS.

Since last report no further applications have been addressed to the Council by holders of the General Debt.

The hypothecated Revenue collected under the supervision of the Finance Commission is reported to produce now more than sufficient to meet punctually the Coupon of the External Debt, and partly to provide for the payment of the Arrear Certificates, but no progress can be yet reported as to the general prosperity of the people and of the state of affairs in the country.

## LIBERIA.

The representations made during the past year with respect to the Seven per Cent. Loan of 1871, under default since 1st February, 1874, have led to the result that the President has replied that this question will be again submitted to the Legislature in its present Session.

## CHINA.

China appears this year as a borrower in the Money Market. The Loan issued under the auspices of the Hong Kong and Shanghai Banking Corporation has been effected, it is understood, under Imperial authority, and not as a provincial loan.

## UNITED STATES OF AMERICA (SOUTHERN STATES).

While the Federal Government and the Northern States maintain their ancient faith with investors, the Southern States have proceeded on a course which, when not professedly repudiating, has been so in practice.

Some of these States have remodelled their Constitutions, and arbitrarily reduced their debts by restricting the taxation and by depriving the Courts of their jurisdiction in matters of appeal.

This condition of affairs is all the more to be deplored, as the flow of capital required for the speedy development of the South is effectually retarded, to the prejudice of every member of the population.

The above remarks will apply to the States of Mississippi, Minnesota, North and South Carolina, Florida, Indiana, Arkansas, Georgia, and others.

## VIRGINIA.

### Virginian Committee.

Commissary-General R. M.

Gardiner, *Chairman*.

I. Gerstenberg, Esq.

Samuel Montagu, Esq.

W. Trotter, Esq.

F. Algar, Esq.

Geo. Artingstall, Esq.

Lieut.-Colonel Aytoun, R.A.

R. L. Baker, Esq.

Jas. B. Blarney, Esq.

Morris Cantor, Esq.

E. Charlton, Esq., M.D.

David Clark, Esq.

Charles Clark, Esq.

John Dabbs, Esq.

Joseph Hankey Dobree, Esq.

W. Duncan, Esq.

C. E. Flower, Esq.

John Ford, Esq.

R. H. Glyn, Esq.

C. E. Habicht, Esq.

E. J. Harris, Esq.

Arthur Horrigan, Esq.

Chandos Wren Hoskyns, Esq.

E. Humphreys, Esq.

Henry Joachim, Esq.

Sir Arnold Kemball, Bart.,

K.C.S.I., C.B.

Arthur Kimber, Esq.

Silvester L'Amy, Esq.

Robt. P. Laurie, Esq.

Arthur Leared, Esq., M.D.

G. I. Leon, Esq.

J. L. Mieville, Esq.

D. Oppenheimer, Esq.

M. J. O'Shaughnessy, Esq.

Geo. Penson, Esq.

Giuseppe A. Pugno, Esq.

Geo. T. Rait, Esq.  
 Geo. Richardson, Esq.  
 W. R. Richardson, Esq.  
 Captain W. W. Ross.

C. Satterthwaite, Esq.  
 Geo. Yule, Esq.  
*Secretary.*  
 Hyde Clarke, Esq.

The Governor, on opening the present Session, stated the full recognition by the State of all her liabilities, and her intention to meet them to the full extent of her means. The finances, however, are still in an unsatisfactory condition, several Coupons being in arrear, and when payment is made, it is not in full. This state of affairs has continued during the year, to the great disappointment of the Bondholders.

In November General R. Taylor met the Committee of Virginian Bondholders in London, to discuss terms on which a settlement could be arranged. He proposed :—

1st. To fund both the capital and arrears of the unfunded securities into Gold Bonds, to the extent of two-thirds with thirty years to run; the remaining one-third in West Virginia Certificates, under Act of 1871.

2nd. Coupons on above Bonds, to bear interest as follows :—

Three per Cent.	the first three years.
Four	„ next four years.
Five	„ thereafter.

3rd. Bonds under Act 1872 (Peeler) to be exchanged Bond per Bond, with additional Bond Certificates for the arrears, into New Gold Bonds.

4th. To render the New Bonds as legally secure as possible, each Bond should be made a separate contract, which it would be the duty of the State Courts to enforce in priority over all State rights on the revenue.

5th. The conversion to be optional on the part of present Creditors.

The Committee declined to pledge the Bondholders to

these terms, but having consulted with the principal holders in London, they were enabled to assure General Taylor that the terms would be favourably regarded by holders of the unfunded Debts, and perhaps eventually by both classes of holders of the funded Debt.

General Taylor returned to Virginia in December, to communicate with the Legislature, now sitting at Richmond.

## ALABAMA.

### Alabama and Chattanooga Committee.

The Right Hon. Lord William	E. A. Stoehr, Esq.
Montagu Hay, <i>Chairman</i> .	T. E. Twycross, Esq.
Augustus B. Abraham, Esq.	Major-General J. L. Vaughan,
Francis Bennoch, Esq.	C.B.
E. d'Eichthal, Esq.	T. Wilshere, Esq.
F. Engelhardt, Esq.	
Baron Emile Erlanger.	<i>Secretary.</i>
Roger Eykyn, Esq.	Hyde Clarke, Esq.
I. Gerstenberg, Esq.	
A. Haworth, Esq.	<i>Bankers for receiving deposit</i>
G. Medley, Esq.	<i>of Bonds.</i>
Edward Riley, Esq.	Messrs. Robarts, Lubbock and
Sir Philip Rose, Bart.	Co., <i>London.</i>
T. Sandeman, Esq.	Messrs. Koch, Lauteren and
E. F. Satterthwaite, Esq.	Co., <i>Frankfort a/M.</i>

The unremitting attention of the Council and of the Committees in London and in Frankfort has been required during the whole year to meet the legal and other difficulties in the United States, in protection of both the Endorsed Bonds and the Gold Bonds.

The Legislature had early in this year appointed Commis-

sioners to negotiate with the Bondholders of securities of the State. The United States Circuit Court further had ordered the sale, in May, of the Railroad, leaving till 11th October last for the Bondholders to step in and adopt the bid of \$1,200,000 made by the parties acting as Trustees of the Bondholders.

Under these critical circumstances, which could not be dealt with from Europe, Mr. T. W. Snagge, the Standing Counsel of the Corporation, was requested to go to Frankfort in August to confer with that Committee, and then, in September, was commissioned, on their joint behalf, to proceed to the United States to undertake the sole charge of the case of the Bondholders before the Courts and State of Alabama. By his able action, the Decree fixing the acceptance of the final bid for the 11th October was deferred to the 11th January, 1876; the attempt to fasten the Receiver's claims on the road was frustrated to a large extent; the Trustees removed, and the nominees selected by Mr. Snagge appointed in their stead; and all the Bonds, sent out from London and Frankfort, for the purpose of securing the title to the line, safely conveyed across the Atlantic, and deposited at Mobile in readiness for production before the Courts.

Mr. Snagge will continue to remain in the United States until every important detail has been concluded, and the arrangements have been fully established.

The advances for the expenses must, necessarily, continue to be very heavy.

*Alabama Eight per Cent. Gold Bonds.*—By Resolution of a Public Meeting held 7th September, 1875, Mr. T. W. Snagge was authorised also to undertake the definite settlement, under instructions from the Council, of the claims in respect of the above Bonds. Having first stayed all sales of the lands by the Commissioners of the State, he next arrived at the following basis of settlement, viz.,

that, subject to certain conditions, the 2,000,000 Bonds should be given up in exchange for the fee simple in the lands, and this basis was provisionally adopted at a Public Meeting, held in London, on 6th December, 1875.

Should a definite arrangement be made during the present session of the Legislature, as may be confidently expected, the Council will in due course give further notice for the Deposit of the Bonds, to be transmitted for exchange.

*Alabama Direct State Debt.*—The proposals of the State Commissioners are as follows (Nov. 20, 1875):—

“We propose that the State of Alabama issue new bonds having thirty years to run, principal and interest payable in the City of New York in lawful money of the United States, bearing interest payable semi-annually, as follows: From 1st July, 1876, to 1st July, 1881, at the rate of two per cent. per annum; for five years, from 1st July, 1881, three per cent.; for the next ten years, four per cent.; and for the remaining ten years, five per cent. per annum,—said bonds to be renewable at the pleasure of the State at five per cent. per annum.

“These new bonds will be given in exchange for the face of the bonds now outstanding, issued and sold in accordance with the provisions of the various Acts hereinbefore recited, upon condition that all past due coupons, and such as will mature on or before the 1st day of July, 1876, are to be surrendered to the State with the bond to which they belong, without being computed as part of the amount to be exchanged for new bonds. All coupons, both past due and to mature, must be surrendered.

“Until the first day of November, 1876, the exchange of bonds will be made at the agency of the State in the City of New York, except those issued under the Acts approved 15th December, 1871, and 25th February, 1873. Such bonds as have been issued and sold pursuant to the provisions of the two Acts last named will be exchanged at the office of



the Commissioners in the City of Montgomery, Alabama. After the 1st day of November, 1876, no bonds will be exchanged except at the office of the Treasurer of the State.

“In exchanging the proposed new issue of bonds for those outstanding, all past due coupons upon the new bonds will be detached at the time of the exchange.

“Under the salutary reforms provided in the new Constitution, the General Assembly can create no new debt beyond a temporary loan of \$100,000, and we are confident the amount required to defray the ordinary expenses of the State will be materially diminished. We think, therefore, that the State may safely promise to pay three per cent. per annum for five years after 1st July, 1881. By that time the probable enhanced value of property, under anticipated recuperation, will justify a further increase of one per cent., making the rate four per cent. per annum; and as the tendency in Europe as well as America is to lower rates of interest, a good security bearing four per cent. interest will approximate par in both countries.

“On the 1st day of July, 1896, the new Bonds of the State will commence to bear five per cent. per annum, and they will then be equal in actual value to the Bonds of Massachusetts, or any other State of the Union bearing the same rate of interest, and like the Bonds of Massachusetts ought to command a premium.”

Against these terms a protest has been presented by the New York Committee to the Legislature, which has not yet given its decision.

## LOUISIANA.

### Louisiana Committee.

Henry Rawson, Esq., <i>Chairman.</i>	Francis Bennoch, Esq.
General Sir George Balfour,	Morris Cantor, Esq.
K.C.B., M.P.	Louis Floersheim, Esq.

I. Gerstenberg, Esq.  
 J. A. Hankey, Esq.  
 Fortescue Harrison, Esq., M.P.  
 G. I. Leon, Esq.

Robert Monckton, Esq.  
 J. Hume Webster, Esq.  
*Secretary.*  
 Hyde Clarke, Esq.

The "Funding Act," which passed the Legislature 24th January, 1874, involved a reduction of 40 per cent. of the principal and past interest on the Bonds of the State.

The Bondholders, at a meeting held on the 19th May, 1875, resolved to conform to these terms under protest, and directed the Council to issue certificates of claim against the State for the amount lost through the conversion.

The issue of certificates of claim is at all times an extreme measure, to be resorted to only after repeated protests of Bondholders against a forced conversion of Bonds they have refused to exchange.

After considerable delays beyond the control of the Council, these certificates are now being distributed, on the application of Foreign as well as English Bondholders, and steps will be taken for their quotation on the principal Bourses.

The attempt made in Ireland, in the early part of 1875, to raise a loan for the City of New Orleans was opposed and defeated by the Council on the ground of that City, as well as the State, being in default.

The interest on the New Bonds ["Funding Act" of the 24th January, 1874], has hitherto been punctually paid; but as to that on the old Bonds, due prior to that date, there has been much confusion, owing to the Rulings of the Funding Board relative thereto, and it is now stated that all overdue Coupons will have to be funded like the Bonds under the above Act.

## SANTO DOMINGO.

## Santo Domingo Committee.

F. Bennoch, Esq., *Chairman*.  
 Maj.-General J. L. Vaughan,  
 C.B., *Deputy-Chairman*.

G. A. Addison, Esq.

Dr. A. Benisch.

E. Lennox Boyd, Esq.

Robert Bradshaw, Esq.

C. A. Day, Esq.

Capt. W. Delf.

R. F. Eland, Esq.

W. Ford, Esq.

J. Foster, Esq.

I. Gerstenberg, Esq.

G. Grantham, Esq.

Major J. C. Harris, R.E.

Rev. E. S. Hart.

R. H. Household, Esq.

H. B. Hyde, Esq.

W. Johnson, Esq.

Robert Monckton, Esq.

G. L. Morris, Esq.

J. G. Peckham, Esq.

Chas. Penruddocke, Esq.

C. W. Price, Esq.

V. D. Ray, Esq.

H. E. Rensburg, Esq.

P. C. Renton, Esq.

W. Richardson, Esq.

Aug. Styles, Esq.

G. R. Walker, Esq.

Count M. G. de Wczele.

Colonel R. White.

Thos. Williamson, Esq.

Thos. Wilshire, Esq.

C. O. Wombwell, Esq.

*Secretary.*

Hyde Clarke, Esq.

A detailed account of the Six per Cent. Loan of 1869 will be found by the Bondholders in the printed Report of the Parliamentary Committee on Foreign Loans.

Although the Government still refuse to recognise their direct liability on these Bonds, certain concessions granted by the Government to various parties empower them to come to terms with the Bondholders.

The Banque Générale de Change et de Commission of Paris, holding the concession for a new Loan to be brought out on the French market, accordingly proposed terms of settlement to the Council, subject to realization within a certain time. Under the then unfavourable state of the money market, the contemplated issue has not taken place.

Also in the concession granted for the scheme of a National Bank, provision was made for an arrangement with the Bondholders of 1869. On investigation, the concession was found to be voidable, if not void, by the non-fulfilment of stipulations; and negotiations with the concessionaires were therefore declined.

The promoters of a recent proposal for the establishment of a National Bank have not yet made definite proposals to the Committee.

The Council have not failed to press both on the Representatives of the Government and on the Contractor for the Loan of 1869, for the monies actually received, and for interest thereon, as well as for the balance acknowledged to be held by the latter on Government account. But they have to report that these representations have been of no avail hitherto.

## MEXICO.

In the year 1874 the Council had come to an accord for joint action with the Committee of Mexican Bondholders. Afterwards the Committee thought it more desirable to act alone. The result of their negotiations has been publicly announced in the following letter of Mr. Holmes, the Secretary to the Committee:—

“SIR,—I regret to have to state that in a letter, this day to hand, from Mexico, dated 16th ult., Mr. Perry, our agent, announces the failure of his attempt to obtain a settlement of the bondholders’ claims. He says—

“‘It is with positive mortification that I have to announce to you to-day that the session of Congress closed yesterday without our matters having been taken into consideration by that body, or it having been determined by Señor Lerdo in what form I was to present my memorial to it.’”

“ Mr. Perry then proceeds to convey his impression that nothing will be done in the interval between the session just closed and that to be opened in April next, basing that conviction on the following dictum, which appeared in the official journal on the 12th ult.:—

“ “ On many occasions we have stated, and now for the last time repeat, that the Government does not think, has not thought, and will not think, of making any arrangements at all respecting the English debt, because this duty corresponds (*i.e.*, belongs) to the legislative body.’ ”

“ The Committee feel that they have great reason to complain of this fresh postponement, from the fact that the negotiations which have lately been pending had for their object a settlement based upon terms which practically embodied conditions already assented to, in principle, by those who indisputably enjoyed the confidence of the Mexican President, and who, in the autumn of the year 1874 put themselves personally in communication with the Committee for the avowed purpose of bringing about a settlement.”

## GUATEMALA.

### Guatemala 1869 Committee.

General Sir George Balfour,

K.C.B., M.P., *Chairman*.

H. F. Bailey, Esq.

Dr. Behrend.

Robert Bowden, Esq.

James Roberts Brown, Esq.

James Charles, Esq.

I. Gerstenberg, Esq.

George Cavendish Taylor, Esq.

S. W. Willet, Esq.

Morgan Yateman, Esq.

Brodie de Zulueta, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Agents for Arrear Certificates.*

Messrs. I. Thomson, T. Bonar,  
and Co.

The fifth and sixth instalments of the Coupon due in 1872 have been duly remitted in the course of this year.

The remittances for the sixth and last instalment are in the hands of the Agents of the Loan, and will be paid over to the holders of the Certificates as they mature.

The Coupon, due in October last, has not yet been wholly covered, owing to the difficulty in obtaining bills upon London.

## HONDURAS.

The Loans of this Republic have been a special subject of enquiry by the Parliamentary Committee on Foreign Loans.

Under the circumstances of this protracted enquiry, and pending a change in the diplomatic relations between the Republic and Great Britain, no practical opportunity offers for putting forward the claims of the holders of the Five per Cent. Federal Loan.

## SALVADOR.

The consent of the Government of Salvador was obtained, through the good offices of Her Majesty's Government, to a satisfactory settlement of the Bonds outstanding of their part of the original Central American Debt. Fresh difficulties, created by the Minister of the Republic in London, stand however, in the way of the immediate discharge of these Bonds. A Memorial has therefore been addressed, last month, to the Government of Salvador, through the medium of the Foreign Office, appealing against further delay.

## NICARAGUA.

On the requisition of holders of the Nicaragua portion of the Central American Debt, the Council addressed that Government on the subject. The new President has stated in reply, that the terms of settlement accorded by the Legislature cannot be altered. There is some hope, however, that the growing resources of Nicaragua may facilitate the renewal of representations for a more equitable terms being granted than those now objected to by many Bondholders.

## COSTA RICA.

## Seven per Cent. Costa Rica Committee.

A. G. Sandeman, Esq., <i>Chairman.</i>	J. W. Harvey, Esq.
Dr. A. Benisch.	J. Cooke Harker, Esq.
Francis Bennoch, Esq.	T. P. Hearne, Esq.
E. Lennox Boyd, Esq., F.R.G.S., F.S.A.	George Herring, Esq.
T. Cave, Esq., M.P.	T. Hobday, Esq.
James Cooper, Esq.	G. A. King, Esq.
W. Detmar, Esq.	J. M. Louis, Esq.
T. Dowling, Esq.	J. F. Lovering, Esq.
W. E. Duncan, Esq.	Captain R. Murray.
Roger Eykyn, Esq.	H. N. Nissen, Esq.
I. Gerstenberg, Esq.	H. Price, Esq.
W. Godfrey, Esq.	A. W. Ray, Esq.
R. Grant, Esq.	E. P. Rowsell, Esq.
G. de G. Griffith, Esq., M.D.	Thomas Sidney, Esq., Alderman.
Wm. Griffith, Esq.	H. Skynner, Esq.
G. D. Harris, Esq.	E. H. Stewart, Esq.
L. Harrison, Esq.	<i>Secretary.</i>
	Hyde Clarke, Esq.



## Seven per Cent. Costa Rica Commission.

Francis Bennoch, Esq.

T. Cave, Esq., M.P.

Roger Eykyn, Esq.

W. Griffith, Esq.

W. Knowles, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Agents at Costa Rica.*

Thomas Farrer, Esq.

Edward R. Meugens, H.B.M.'s  
Consul.

## Six per Cent. Costa Rica Committee.

B. Rowsell, Esq., *Chairman.*G. T. Rait, Esq., *Deputy  
Chairman.*

E. Champion, Esq.

J. Cowan, Esq.

J. Davis, Esq.

H. M. Jenkins, Esq.

D. Jones, Esq.

N. Levy, Esq.

F. Mercier, Esq.

J. Proctor, Esq.

H. Staples, Esq.

J. Twycross, Esq.

*Seven per Cent. Loan of 1872.*—The Government has not as yet recognised the agents appointed by the Public Meeting of August, 1874, as Receivers of Revenues hypothecated under the stipulations of that Loan; but the Commission, at their last Meeting, in December, resolved that it was still expedient to continue the remuneration of the Agents, although on a reduced scale.

A new Commissioner of the Government, Señor Lara, has been unsuccessful both with the Committee in London and a Syndicate at Paris, in his efforts to raise funds for the completion of the Railway from Port Limon to Alajuela. Further, the suit still pending with the Contractors of the Loan interferes with any disposition of the Government to come to terms of settlement.

The Exequatur of Mr. Meugens, H.B.M.'s Consul at San José, and appointed one of the Receivers, has been sus-



pended by the Government there, in consequence of the faithful reports made by him as to the condition of the country.

*Six per Cent. Loan of 1871.*—At a public meeting of the holders of this Loan, held in November last, it was resolved, that a Committee should be formed, exclusively of holders of Six per Cent. Bonds, and independently of the Committee of holders of the Seven per Cent. Loan. This Committee has been formed accordingly.

## UNITED STATES OF COLOMBIA (NEW GRANADA.)

### New Granadan Committee.

I. Gerstenberg, Esq., *Chairman.*

Captain Craigie.

E. Jeggins, Esq.

A. Northen, Esq.

#### *Secretary.*

Hyde Clarke, Esq.

*Bankers for the  $4\frac{1}{2}\%$  Loan.*

London and County Bank.

*Bankers for the  $6\%$  Loan.*

London and County Bank.

*Agent at Bogota.*

Charles O'Leary, Esq., H.B.M.'s  
Vice-Consul.

*External Four-and-a-Half per Cent. Debt.*—Owing to a clause inserted by the Legislature in the draft convention of 1873, and which the Council were unable to prevent, the responsibility of the Government ceases in Bogota with the monthly payment to the agent of the Bondholders of £7,500, or its equivalent in coin. The payment of the Coupons is thereby necessarily deferred until the remittances made to meet each dividend have matured.

All the representations to the Government have hitherto failed to remove this source of injury both to Colombia and

the Bondholders. It is confidently expected, however, that the same may soon be removed by the new proposals from the Council, now under the consideration of the Treasury at Bogota.

All questions of detail still pending as to the present Colombian Loans, and the former New Granada Loans, and for the extinction of every liability of the Government in connection with their present or previous conversion, have been under discussion during the year, and should the proposition of the Council meet with acceptance, the Credit of the Republic will stand firmly established.

Until then Colombia cannot appeal to foreign capital on fair terms for the establishment of the Railway communication between the interior and the coast States, which is of vital importance to the further development of the vast natural resources of the country.

*Six per Cent. Loan of 1863.*—No effect has been given to the contemplated redemption of this Loan. Meanwhile the arrangements made for the service are being satisfactorily carried out.

*Five per Cent. (Private) Loan of 1868.*—Part of this small Loan continues to be paid off whenever an individual holder proves his claim to the satisfaction of the Government.

## VENEZUELA.

### Venezuelan Committee.

I. Gerstenberg, Esq., <i>Chairman.</i>	Major-General J. L. Vaughan,
E. Jeggins, Esq.	C.B.
E. Jonas, Esq.	Admiral Sir Provo Wallis,
J. Leonino, Esq.	G.C.B.
F. Obicini, Esq.	<i>Secretary.</i>
Major Jelfs Sharpe.	H. Schirges, Esq.

No disposition to treat with its creditors is manifested by this Government.

## ECUADOR.

A scheme of arrangement on the basis of a reduction of the debt by a conversion of the existing One per Cent. Stock into new Six per Cent. Bonds, has been authorised by Legislature under the new President, Dr. Antonio Borrero.

The Council, in conjunction with the Ecuadorian Commission of Agency, has addressed a memorial to the new President, and suggestions in its support have been forwarded to H.M. Minister at Quito.

## PERU.

Although the negotiations were protracted from August to December, between the Peruvian Government on the one hand, and the Anglo-Peruvian Bank and the Société Générale of Paris on the other, no contract for the sale of Guano has been concluded, and no provision has been made for the future service of the debt. The Coupon of January, 1876, on both the Government Loans, is consequently in default.

The Council, from time to time, have been requested by individual Bondholders to take public action on the general behalf; but the Council did not feel justified, without a requisition from a combined body of the Bondholders, in convening a public meeting, pending negotiations at Paris, and while no default in the service of the Loans had taken place.

An independent Committee has, however, been formed, under Sir Charles Russell, M.P., which has placed itself in communication with the Council, and to this Committee every assistance will at all times be given.

General Ignacio Prado, the President elect, will assume the Government in August next.

## BOLIVIA.

## Committee of Bolivian Bondholders.

A. W. Ray, Esq., *Chairman.*  
 Thos. Cave, Esq., M.P., *Deputy*  
*Chairman.*  
 Dr. A. Benisch.  
 Fras. Bennoch, Esq.  
 Aug. Blackborne, Esq.  
 Lionel N. Bonar, Esq.  
 John Coxhead, Esq.

I. Gerstenberg, Esq.  
 J. Harvey, Esq.  
 H. E. Ormerod, Esq.  
 H. E. Trehella, Esq., M.D.

*Secretary.*

Hyde Clarke, Esq.

The Council are still unable to report any satisfactory result with regard to the 6 per cent. Loan of 1872.

The Bolivian Committee appointed by the Bondholders, having failed in their legal proceedings, are now acting in co-operation with the Council. Negotiations have been entered into with the Special Commissioners of the Government for the release of the monies deposited at the Bank of England, and for their application to the equitable settlement of the debt. A draft agreement has been framed, but it has not been proceeded with, pending the result of an application by other parties to the Brazilian Government, to guarantee the balance of the capital necessary for the completion of the Madeira and Mamore Railway.

Meanwhile the two Special Commissioners have been recalled, and Señor Quijarro has replaced them, assisted by Mr. Harris, in the service of Bolivia.

The Coupons of the United States Bonds, lodged at the Bank of England, continue to be invested in accordance with the provisions of the Deed of Trust. But the Loan Coupons of July, 1875, and January, 1876, remain in default, as well as the drawn Bonds payable January, 1875, to the extent of two-thirds, and also the Sinking Fund for 1875.

## PARAGUAY.

A complete investigation was made by the Parliamentary Committee on Foreign Loans as to the Loans of 1871 and 1872, and will be found in the printed Parliamentary Report.

In August last the Contractors addressed the Council with a view to promote the co-operation of the Bondholders with an arrangement with the Government of Paraguay. A Consultative Committee thereupon was formed.

In October, on arrival of the special Commissioner, Señor Bareiro, the Council, on a requisition from Bondholders representing one-third of the Bonds in circulation, entered into negotiations with him as representative of the Paraguayan Government.

The bases of a convention were finally arranged, approved by a Public Meeting held on the 8th January, 1876, and the Council were empowered to carry the same into effect in virtue of the following Resolutions :—

That the terms of the within Scheme be and the same are hereby accepted and adopted by the Bondholders, subject to the establishment of the Bank and ratification of Congress, as provided by Article 12.

That the Council of Foreign Bondholders be and is hereby authorised to take all such steps, and to settle and arrange the terms and provisions of such conventions, deeds, and documents for carrying the scheme into effect, and to assent on behalf of the Bondholders so as to bind them, to any modification or alteration therein, not affecting the general scope and principles of the arrangement, which the Council may think proper, and to execute the same on behalf of the Bondholders.

The establishment of the Bank, when confirmed by Congress, will be proceeded with independently of the Council.

## URUGUAY.

Under the disturbed circumstances of the country, the Government, in October, ordered the suspension of the remittance of the monthly instalments, but the amount then in the hands of the Agents is more than sufficient to meet the dividend due in February next.

Mr. Mackinnon, the Commissioner for the Loans, will shortly proceed to Europe to submit certain propositions to the Bondholders.

## FOREIGN OFFICE.

Her Majesty's Government, and its representatives abroad have unofficially rendered valuable co-operation to the Bondholders.

The Council have to repeat their obligations for this assistance in Spain, Turkey, Colombia, Ecuador, and Central America.

## PARLIAMENTARY COMMITTEE ON FOREIGN LOANS.

The House of Commons considered it necessary, during this last Session, to appoint a Select Committee to enquire

into the Honduras, Santo Domingo, Costa Rica, and Paraguay Loans. The investigations of this Committee have materially affected the Loans in question, and the fact is referred to under each head.

The Committee did not, however, propose any alteration in the legislation relating to the issue of Foreign Loans.

## LIBRARY AND RECORD DEPARTMENT.

The Records offer increased information on public Loans and Companies, which is not easily obtainable from other sources.

Different States and public authorities, in approval of the objects of the Corporation, continue to forward their public documents to the Council. Contributions have been received from Her Majesty's Secretary of State for Foreign Affairs, the Governors-General of India and Canada, the Governors of New South Wales and Victoria, the Secretary of the United States Treasury, the Governors of the States of Illinois, Massachusetts, Alabama, Ohio, Nevada, Oregon, Virginia, etc., the Ministers of Finance of Russia, Austria, Denmark, Italy, etc., the Chambers of Commerce of Liverpool, Edinburgh, Glasgow, Dublin, and others, and from many individual donors.

The Library, owing to the liberal contributions of public authorities and others, contains now considerably over 1,000 volumes, pamphlets, charts and maps which are so arranged as to make them easily accessible to the Members of the Corporation and others who may desire to refer to them.

## MISCELLANEOUS.

*Lost Bonds.*—Several Bondholders have been successfully assisted in the case of their lost Bonds. But as the laws on this point vary with countries, Foreign Governments have been appealed to in order to assimilate their practice to the one remedy of allowing a lost bond to be recoverable on proof of proprietorship, coupled with reasonable indemnity.

*Coupons in Arrear.*—The efforts of the Council have been successful in the case of Spain, Guatemala, and Paraguay, but have not yet succeeded as to Costa Rica.

*Certificates of Default* have been resorted to only in the case of Louisiana.

*Certificates of Deposit* have been issued in the case of the Alabama and Chattanooga Railroad Bonds, and may be required likewise for the Eight per Cent. Gold Bonds, should they also be called in for transmission and exchange.

*Disputed Bonds.*—Those of the Colombian Five per Cents. have been admitted in the case of some individual holders, owing to the intervention of the Council. The Road and Pier Bonds of Guatemala are still in abeyance.

*Unconverted Bonds.*—Old Colombian Bonds, 1845 and 1861 New Granada Bonds and Certificates, and other titles of indebtedness of Colombia are under progress of arrangement. San Salvador will also provide its share of the Original Central American Debt. Spain has not yet made provision for the Coupon of 31st December, 1874, nor those following of the Three per Cent. External Debt.

*Drawn Bonds.*—From the want of continued notice to the public, Bonds, notably Turkish and some Russian, may be drawn, and the coupons continue to be paid for several years without detection, to the serious loss of individual Bondholders, the coupons thus overpaid having, in all such cases,



to be refunded. The removal of this evil is being energetically followed up by the Council.

*International Protection of Bondholders.*—Beyond the case of Spain, in which, by the action of the Council, the influence of several foreign representatives was brought to bear, no instance of joint international action has to be recorded during the year.

By order of the Council,

FRANCIS BENNOCH,

*Acting Chairman.*

HYDE CLARKE,

*Secretary.*

COUNCIL OF FOREIGN BONDHOLDERS,  
COUNCILHOUSE, Moorgate Street, London, E.C.

31st December, 1875.



FOURTH ANNUAL GENERAL REPORT  
OF THE COUNCIL  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS,

*Incorporated on the First of August, 1873,  
by Licence of the Board of Trade.*

---

F O R T H E Y E A R 1 8 7 6.

---

TO BE SUBMITTED TO THE  
GENERAL COURT OF MEMBERS OF THE CORPORATION  
CONVENED FOR

THE 27<sup>TH</sup> OF FEBRUARY, 1877, AT 2 O'CLOCK,  
*At the Councilhouse, 17, Moorgate Street,  
in the City of London.*

---

LONDON:  
COUNCILHOUSE, No. 17, MOORGATE STREET.  
FEBRUARY, 1877.



FOURTH ANNUAL GENERAL REPORT  
OF THE COUNCIL  
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CORPORATION OF FOREIGN  
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*Incorporated on the First of August, 1873,  
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FOR THE YEAR 1876.

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TO BE SUBMITTED TO THE  
GENERAL COURT OF MEMBERS OF THE CORPORATION  
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*At the Councilhouse, 17, Moorgate Street,  
in the City of London.*

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LONDON:  
COUNCILHOUSE, No. 17, MOORGATE STREET,  
FEBRUARY, 1877.

## THE CORPORATION OF FOREIGN BONDHOLDERS.

## NOTICE OF GENERAL MEETING.

NOTICE IS HEREBY GIVEN, that the FOURTH ORDINARY GENERAL MEETING of the CORPORATION OF FOREIGN BONDHOLDERS will be held at the COUNCILHOUSE, No. 17, Moorgate Street, in the City of London, on TUESDAY, the 27TH day of FEBRUARY, 1877, at Two o'clock in the afternoon :—

To consider the Report of the proceedings of the Council, and the Statement of Accounts made up to the 31st December, 1876; to elect Auditors for the ensuing year, and to transact all such other business as may be transacted at Ordinary Meetings of the Corporation, and to pass Resolutions thereon.

By Order of the Council,

HYDE CLARKE,

*Secretary.*

16th February, 1877.

## CORRIGENDA.

Page 28, last line but one, *for* potential *read* potential.

„ 38, *for* represented *read* presented.

„ 40, *for* recision *read* rescission.

„ „ Omit the word “That” in 5th, 6th, and 8th lines from top.

„ 51, Omit (?) in fifth line from end of paragraph in Turkey.

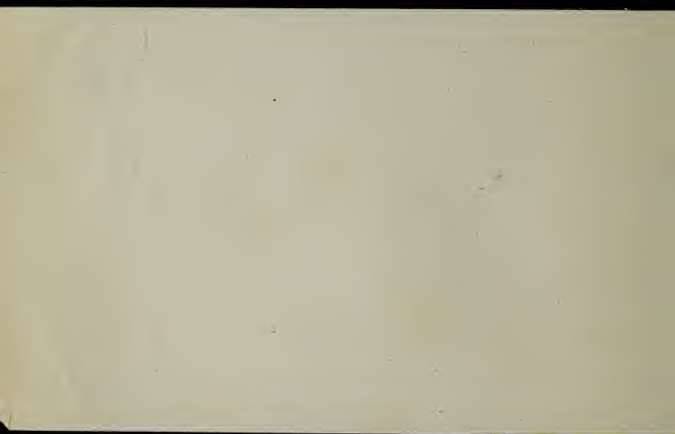
In Table of Loans in Default:—

5. Greece . . . . . *for* 1 July, 1844, *read* 1 January.

6. Guatemala .. „ 1 April, 1875, „ 1 October.

And in total column, *for* 45,854 *read* 42,174.

And for total „ 47,694.





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## MEMBERS OF THE COUNCIL.

---

RIGHT HON. EDWARD PLEYDELL-BOUVERIE, *Chairman.*

THOMAS MATTHIAS WEGUELIN, ESQ., M.P., } *Deputy*  
 SIR JOHN LUBBOCK, BART., M.P., F.R.S., } *Chairmen.*

GENERAL SIR GEORGE BALFOUR,  
 K.C.B., M.P.

RIGHT HON. G. A. F. CAVENDISH  
 BENTINCK, M.P.

FRANCIS BENNOCH, ESQ.

LIONEL N. BONAR, ESQ.

JOHN HENRY DANIELL, ESQ.

ROGER EYKYN, ESQ.

R. N. FOWLER, ESQ.

THE HON. ARTHUR KINNAIRD,  
 M.P.

RIGHT HON. THE EARL OF LEVEN  
 AND MELVILLE.

SIR FRANCIS LYCETT.

CHARLES MAGNIAC, ESQ.

RICHARD BIDDULPH MARTIN, ESQ.

HON. HUGH MCCULLOCH.

SAMUEL MONTAGU, ESQ.

SIR JOHN ROSE, BART., K.C.M.G.

SIR PHILIP ROSE, BART.

CORNELIUS SURGEY, ESQ.

GEORGE CAVENDISH TAYLOR, ESQ.

WILLIAM TROTTER, ESQ.

HENRY TUDOR, ESQ.

CAPTAIN HENRY W. TYLER, R.E.

GENERAL JOHN L. VAUGHAN, C.B.

ADMIRAL OF THE FLEET SIR PROVO  
 WALLIS, G.C.B.

### Secretary.

HYDE CLARKE, ESQ.

### Standing Counsel and Draftsman.

T. W. SNAGGE, ESQ.

### Solicitors.

Messrs. J. TRAVERS SMITH AND BRAITHWAITE.

Messrs. NORTON, ROSE, NORTON AND BREWER.

### Notary.

WILLIAM GRAIN, ESQ.

### Auditors.

Messrs. JOHNSTONE, COOPER, WINTLE AND CO.

### Bankers.

Messrs. ROBERTS, LUBBOCK AND CO.

FOURTH REPORT  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

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REPORT OF THE COUNCIL

FOR THE YEAR 1876.

The Council, during the past year, have had ample opportunity of exercising their public functions, in the protection of the creditors of foreign States, and in endeavouring to rescue their property from otherwise irrecoverable loss, through the failure of certain of these States to meet their financial engagements.

The Council have thought it would be valuable to have a synoptical table drawn up, showing the amount of the Foreign Public Debts, the amount of each debt, the interest in default, and other particulars concerning such debts, which will enable the members of the Corporation to see what a vast amount of property is at stake, and what a field there is for the exertions of the Corporation, to preserve it from destruction. This table will be found in the Appendix.

The details of operations as regards different States are given, as usual, in an Appendix to this report, but the Council think it right to advert, in the body of this report, to what has been accomplished by them, with respect to two principal matters, which have been the subject of their deliberation and action, during the past twelve months; they refer to the Spanish, and Egyptian Debts.

The disturbed political condition of the Spanish Monarchy, culminating in a terrible civil war, necessarily strained to the utmost its financial resources, and unfortunately, these resources proved neither ample enough, nor elastic enough, to bear so great a pressure. The result was that for four years the interest of the External Debt of Spain had remained unpaid, thus inflicting grievous individual loss and suffering on numbers of Bondholders, and exercising a fatal influence on the credit of Spain herself, and on her chance of enjoying a revival of national prosperity, whenever the political atmosphere should become calmer. Notwithstanding the arrangement with respect to Coupons which was made in 1875, the total amount of the unpaid Coupons of the Three per Cent. External Debt amounted in July last to no less a sum than £13,000,000. After the termination of the Civil War, the Spanish Government, anxious to restore the finances of their country and to re-establish the national credit on the Stock Exchanges of Europe, made proposals to the Chairman of the English Committee of Spanish Bondholders (Lord Hampton) for negotiations, with a view to a settlement with its creditors, by joint consent.

After consideration, it was arranged, in conformity with the advice of the Council, that these negotiations should take place in London, rather than at Madrid, and the Spanish Government sent a distinguished Spanish statesman, a member of Córtes, occupying a high post in the financial department of the State, Don Lope Gisbert, to conduct and

conclude them, under the auspices of the Spanish Minister in London, the Marquis de Casa Laiglesia.

The negotiations, which were long and arduous, were carried on in London by the Council, in conjunction with the English Committee, and communicated, step by step, to the Committees of Bondholders of Paris, Brussels, Amsterdam, and Frankfort, who rendered great assistance during their progress. An arrangement was, after a great amount of labour, concluded, and having been duly accepted by a public meeting of the Bondholders under Lord Hampton's presidency, finally ratified by the Córtes.

The Council are aware, from expressions of opinion conveyed to them from individual Bondholders, that this settlement with Spain has failed to give unqualified satisfaction to the holders of Spanish Bonds, nor can they feel surprised that it should be so ; but they are satisfied, that it was, on the whole, for the decided advantage of the Bondholders as well as of Spain itself, and that it would have been hopeless to expect, after the exhausting revolution that country had undergone, and the financial difficulties, which had overwhelmed it, that the means of paying her obligations in full could possibly have been forthwith provided. Now that Spain is relieved of part of the burden, imposed on her by these obligations, the Council indulge a hope that the restoration of internal peace and tranquillity may produce an equilibrium between the receipts and expenditure of the Spanish Treasury, and lead, ultimately, to a development of the trade, and industry, and resources of the nation, which will make the weight of its public debt comparatively light and easy to be borne. The Council must take this opportunity of making grateful mention of the valuable unofficial assistance rendered, in these negotiations, to the British Bondholders by Her Majesty's Envoy at the Court of Madrid, the Right Hon. A. H. Layard.

As regards the public debt of Egypt, after the mission and report of Mr. Cave had proved unproductive of any arrangement affording a prospect that the claims of the Bondholders would be met, and while interests, at variance with those claims, were assuming undue prominence, and were likely to obtain undue preference, the Council put itself in communication with Mr. Goschen, and, on the part of a meeting of gentlemen representing the different Egyptian Loans, requested him to undertake the protection of their property. This responsibility Mr. Goschen, in the most disinterested and handsome way, undertook to discharge, and, as the members of the Corporation are aware, he subsequently consented to proceed to Egypt, as the representative of the Bondholders, with full powers to conclude an arrangement on their behalf, with the Government of Egypt, which arrangement he succeeded in effecting. The Council think, that if this step had not been taken, and at the proper moment, there was very little likelihood of there being any such adjustment of various interests, and settlement of the claims of the Bondholders as could have been at all satisfactory to the large number of persons holding Egyptian Stocks; and they wish to point to this salient example of the great advantage to be derived from the organization of the Corporation, and from its being always ready and available at a critical juncture for the vindication of the rights of English holders of foreign stocks.

The annexed balance-sheet discloses the financial position of the Corporation, which, the Council trust, may be found satisfactory. The amount of expenditure incurred by the Corporation itself, in efforts to obtain a settlement of certain unpaid Foreign Public Debts, has been but small compared with what has been done; the Council have secured the co-operation of those concerned in the issue of such loans, and of others interested in them, so as to combine the utmost

effort, with the least expenditure of its own resources ; and they have also been greatly indebted, in various instances, to the able and zealous assistance of Her Majesty's representatives, accredited to those Governments, which have made default of payment. As the machinery and efficiency of the organisation, offered by the Corporation, becomes better known and more extensively used, so its power for the useful objects of its institution will continually increase. Since these are purely public objects, and vitally connected with the trading and financial interests of the City of London, the centre of all loan operations in the world, it will have to be considered whether some definite steps should not be taken in order to secure general contributions towards the maintenance of the Corporation, from the leading firms and public institutions, whose prosperity depends so greatly on the strict maintenance of the public credit of foreign States. It would seem but reasonable that the burden of vindicating good faith, on the part of these States towards their English creditors, and of promoting and insisting on arrangements being made to indemnify the latter from loss, should be borne more generally, now that the machinery, afforded by the Corporation for this purpose, has been set in action, and successfully tested.

There is an important matter, affecting drawn bonds of Foreign States in default, to which the Council are desirous of calling the attention of those interested. It appears, that when the drawings are continued, in spite of non-payment of the coupons of the bonds of a Foreign State, the coupons, of a date subsequent to the drawing, may be valueless, and cannot be presented for payment, while the bond itself, according to the rules of the Stock Exchange, is not available, for delivery to a purchaser. There is, in consequence of recent events, a large amount of such bonds now held in the United Kingdom ; and it deserves the consideration of those interested,



whether some effort should not be made to stop the drawings of all bonds, in respect of which interest has ceased to be paid. The Appendix contains some details respecting the drawn bonds, of this character, of different States. It is a question also well deserving consideration, whether with regard to foreign bonds, which may be issued in the English market hereafter, some general scrutiny should not be made into the wording of these bonds, by a recognised authority, to see whether such wording is in conformity with the terms of their offer to the public, before any such bonds are allowed to be current in the stock market.

In conducting their operations abroad in vindication of the claims of Foreign Bondholders, the Council have had the advantage, in various instances, of the cordial assistance of the diplomatic representatives of Great Britain, from which the Bondholders have derived great benefit; and they have been furnished with useful information from time to time by the Foreign Office, which has manifested every desire to promote the public objects, which are prosecuted by the Corporation.

The Council have had to lament the death of Mr. Gerstenberg, who had occupied their chair from the end of 1873 till 1875, at which time he was compelled, by ill health, to resign it. He gave unceasing care and thought to the foundation and establishment of the Corporation, the idea of which mainly originated with himself; and the Council have thought they were but marking their due sense of what the Corporation and the public owed to him, for the services thus rendered by him, by appropriating 500 guineas to a memorial of his name, which, at the request of Mrs. Gerstenberg, will be applied in founding a prize in the University of London.

Mr. Bennoch and Mr. Bonar, after his resignation, undertook to discharge the duties theretofore performed by him, and gave a large amount of time and labour to them till the



end of July last, when the Right Honourable Edward P. Bouverie was unanimously elected as paid chairman of the Council. This step was taken in conformity with the intention, announced in last year's Report by the Council, to appoint a paid chairman, and not one of their own body.

The Council were so impressed with the advantage they had derived from the laborious and skilful attention, given by Mr. Bennoch and Mr. Bonar, as acting chairman and vice-chairman, to the business of the Corporation, that they thought it due to those gentlemen, when they ceased so to act, to appropriate £500 to the former and £250 to the latter, as a testimonial for their services.

Messrs. Johnstone, Cooper, Wintle and Co., the retiring auditors, offer themselves for re-election.

E. P. BOUVERIE, *Chairman.*

HYDE CLARKE, *Secretary.*

*Jan. 31st, 1877.*

## APPENDIX TO REPORT.

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*N.B.—The States are given alphabetically.*

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### ALABAMA.

1. *General Debt of the State.*—In the last annual report of the Council (pp. 22, 23) was given a summary of the terms of compromise, proposed and recommended to the State Legislature by the Commissioners appointed, in 1875, to “ascertain, adjust, and liquidate” the indebtedness of the State. The report of the Commissioners was laid before the Legislature during the session of 1875-6, and a statute giving legislative sanction to their proposed scheme of compromise passed both Houses of the Legislature, and came into operation at the end of February, 1876.

With respect to the General Direct Debt of the State, including the Five, Six, and Eight per Cent. bonds, of various issues, the Legislature authorised the creation and issue of \$7,000,000 in bonds bearing interest from January 1st, 1877, at the rate of 2 per cent. for the first five years, 3 per cent. for the succeeding five years, 4 per cent. for the succeeding ten years, and 5 per cent. thereafter until maturity, in 1906 ; to be used “in exchange and substitution of”

the existing bonds of the Direct Debt, upon the surrender of the old bonds, *with all the Coupons*. In other words, all past due interest was cut off, and the principal retired, by an issue of new bonds of like nominal value, but bearing a much deduced rate of interest.

These terms, though onerous, appear to have been generally accepted by the Bondholders. In December, 1876, the Commissioners reported that out of the \$7,000,000 authorised by the statute, \$4,655,000 had been issued, and that there remained of the recognised issues of 5, 6, and 8 per cent. bonds outstanding, \$2,200,000, while there remained \$2,344,100 in new bonds to take them up.

*The Council desire to call the attention of any English holders of these outstanding bonds, to a clause in the statute which provides that if the exchange be made after the time for the payment of any interest Coupon attached to the new bonds shall have elapsed, the matured Coupon or Coupons, shall be withheld, and the first Coupon payable shall be that falling due on the 1st of January or July next, after the exchange outstanding. Bondholders should therefore convert their bonds without delay.*

2. "*Alabama and Chattanooga Railroad First Mortgage Indorsed Bonds of 1869.*"—The special and voluminous First Report upon the subject of these bonds, issued by the Council in July, 1875, and the Final Report, issued in June, 1876, furnished the fullest details of the labours in which the Council, in conjunction with the Bondholders' Committee, had been engaged up to the latter date, and of the results to which those labours had led.

Briefly stated those results were:—

First a contract concluded (subject to acceptance by the Bondholders) between the State of Alabama and a Special Commissioner of the Council, whereby provision was made

for a settlement and discharge, as well of the Bondholders' claims as of the State liability, in respect of the indorsement, or guarantee of the Bonds, by the Governor of Alabama.

Secondly, the sale of the railroad under a decree of the United States Circuit Court, and its purchase on behalf of the Bondholders for a fraction of their debt, subject, however, to certain heavy costs, and incumbrances.

Thirdly, the appointment of new trustees, nominated by the representatives of the Bondholders, and possessing the entire confidence of the Council.

Fourthly, a surrender to such trustees of full possession of the railroad, 300 miles in length, together with all its appurtenances, from and after the 1st February, 1876.

The arrangement with the State provided for the creation and issue of \$1,000,000 new Direct Bonds of the State, bearing interest from 1st January, 1876, at the rate of 2 per cent. for the first five years, and 4 per cent. thenceforward until maturity in 1906, but renewable thenceforward at 5 per cent.; the \$1,000,000 to be rateably distributed among all the holders of the indorsed bonds and coupons. In addition to the proposed issue of \$1,000,000 bonds, the Statute, which authorized the arrangement, empowered the Governor to assign and transfer to the Bondholders, or their representatives, and all persons deriving title under them, all rights, powers, and liens of every description, possessed by the State of Alabama in respect of the railroad, including a paramount statutory lien or first mortgage, which the State, upon the endorsement of the bonds by the Governor, had *ipso facto* acquired, and which, three of the ablest lawyers of the United States bar have advised the Council, exists in full force and effect.

The Council have received the assurance of the Governor of Alabama that the \$1,000,000 new State bonds have been prepared for issue, and that the State Commissioners are

prepared to carry out, in good faith, the exchange and conversion, according to the terms of the statute. It is hoped that the exchange and conversion may take place at no distant date.

The sale of the railroad took place in May, 1875, when it was purchased, on behalf of the Bondholders, for \$1,200,000, payable in overdue bonds or coupons, subject, however, to a debt of unascertained amount, estimated at some \$1,200,000. A short date was fixed by the Court for the completion of the purchase. An extension of time was afterwards obtained at the instance of the Council, and the amount of the incumbrances sought to be set up was, on behalf of the Bondholders, contested before the Court by Mr. Robt. H. Smith, of the United States Bar, as well as by the English Standing Counsel of the Corporation, who, under instructions from the Council, went to the United States, to assist in the conduct of the proceedings. In the result, the incumbrances were, by a decree of the Court of January, 1876, reduced to about \$600,000, of which \$206,000 were ordered to be paid on 1st July following. The Council and Committee thereupon accepted the terms of the purchase, by filing the bonds and coupons in Court, and thus secured the actual possession of the property. In June, 1876, their proceedings having been approved and ratified by a public meeting of the Bondholders, the Council and Committee surrendered their trust, and a Special Committee was appointed to take charge of the matter, and raise the sum necessary to make the cash payment, required by the Court. The Committee having failed in their endeavours to raise the amount by contribution from the Bondholders, resigned within a few weeks of their appointment, and the Council were thereupon requested by the Bondholders to resume the conduct of the negotiations. The Council might well have hesitated to do so under the circumstances, but being unwilling that the interests of the Bondholders should suffer by

the consequences of a refusal, they again undertook to represent them, and directed their efforts towards bringing about a compromise. To that end negotiations are pending. In due time a Special Report will be made to the Bondholders. Meanwhile, it is satisfactory to learn that the condition and earnings of the railroad, since it came a year ago in a wrecked condition into the hands of the new Trustees nominated by the Council, have steadily and materially improved, and that surplus earnings, amounting to a considerable sum have been expended in equipment and repairs.

3. "*Alabama 8 per Cent. State Gold Bonds of 1870.*" In March, 1876, a Statute was passed by the Legislature of Alabama ratifying the terms of an agreement or compromise in respect of these bonds, provisionally concluded between the Governor of Alabama and a Special Commissioner, who had gone to Alabama under instructions from the Council. The terms of this arrangement, which included a proposed transfer of 500,000 acres of land to Trustees for the Bondholders, were fully given in the final Report issued by the Council in June, 1876, when a Special Committee was appointed to carry out the scheme in detail. Free access to the valuable collection of books, papers, and documents in the possession of the Council, relating to the case, has been given to the Special Committee, by whom the business is now being independently carried on at the Councilhouse. The Council have learned with satisfaction that, during the last twelve months, the coal and iron regions of Alabama have attracted attention, and are being further developed. The Alabama and Chattanooga Railroad runs through the heart of this district, and the land in which the Gold Bondholders are interested lies within a short distance of the railroad for the greater part of its length.

The arrear coupons of the Eight per Cent. First Mortgage Endorsed Bonds of the Alabama and Chattanooga Railroad were paid into Court at Mobile on behalf of the Bondholders as purchase-money for the line.

## BOLIVIA.

### Committee of Bolivian Bondholders.

A. W. Ray, Esq., *Chairman*.  
 Thos. Cave, Esq., M.P., *Deputy*  
*Chairman*.  
 Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 Dr. A. Benisch.  
 Fras. Bennoch, Esq.  
 Aug. Blackborne, Esq.  
 Lionel N. Bonar, Esq.

John Coxhead, Esq.  
 W. J. Harvey, Esq.  
 H. E. Ormerod, Esq.  
 H. E. Trewhella, Esq., M.D.

### *Secretary.*

Hyde Clarke, Esq.

During the past year the Council and Committee have directed their attention chiefly to negotiations having for their object the distribution of the Trust Fund, which formed the subject of the long pending Chancery proceedings, in the event of the suit instituted by the Republic resulting in the liberation of the fund, which now amounts to about £700,000. A preliminary arrangement having been made with Señor Quijarro, who, in the month of January, 1876, arrived in this country as the accredited Minister of the Republic, a public meeting of Bondholders was held on the 24th May, 1876, when the following resolution was passed:—

“That the fourth Report of the Committee of Bolivian Bondholders be received and adopted, and that this general



meeting of Bolivian Bondholders request the Committee to support the Government of Bolivia in obtaining the funds in court, on condition that the said funds be applied (subject to such deduction as the Committee may deem expedient) for division among the Bondholders, according to the plan approved in the original letter of Señor Quijarro of the 28th of March last, and that the Committee be requested to continue their efforts to effect a settlement on this basis."

A more definite arrangement was subsequently made with Señor Quijarro, which provided for the payment out of the Trust Fund, when liberated, of 32 per cent. in cash of the amount of the outstanding principal of the Bonds. The suit came on for hearing in November, but resulted in the dismissal of the Bill. It is, however, not impossible that terms of compromise between the several parties to the suit may be agreed upon, and an Agent has been sent to Bolivia charged with the duty of obtaining, if possible, the execution of a Convention by the Bolivian Government. The Trust Fund is still under the control of the court, and continues to receive half-yearly increments by the accumulation and investment of current interest upon the securities in which it is invested.

## COSTA RICA.

### Seven per Cent. Costa Rica Committee.

A. G. Sandeman, Esq., <i>Chairman</i> ,	E. Lennox Boyd, Esq., F.R.G.S., F.S.A.
Right Hon. E. Pleydell-Bouverie, <i>Ex-officio</i> .	T. Cave, Esq., M.P.
Dr. A. Benisch.	James Cooper, Esq.
Francis Bennôch, Esq.	W. Detmar, Esq.
	T. Dowling, Esq.



W. E. Duncan, Esq.  
 Roger Eykyn, Esq.  
 W. Godfrey, Esq.  
 R. Grant, Esq.  
 G. de G. Griffith, Esq., M.D.  
 Wm. Griffith, Esq.  
 G. D. Harris, Esq.  
 L. Harrison, Esq.  
 J. W. Harvey, Esq.  
 J. Cooke Harker, Esq.  
 T. P. Hearne, Esq.  
 George Herring, Esq.  
 T. Hobday, Esq.  
 G. A. King, Esq.

J. M. Louis, Esq.  
 J. F. Lovering, Esq.  
 Captain R. Murray.  
 H. N. Nissen, Esq.  
 H. Price, Esq.  
 A. W. Ray, Esq.  
 E. P. Rowsell, Esq.  
 Thomas Sidney, Esq., Alderman.  
 H. Skynner, Esq.  
 E. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.

#### Seven per Cent. Costa Rica Loan Commission.

Francis Bennoch, Esq.  
 T. Cave, Esq., M.P.  
 Roger Eykyn, Esq.  
 W. Griffiths, Esq.

W. Knowles, Esq.

*Secretary.*

Hyde Clarke, Esq.

#### Six per Cent. Costa Rica Loan Committee.

B. Rowsell, Esq., *Chairman*.  
 G. T. Rait, Esq., *Deputy*  
*Chairman*.  
 Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 E. Campion, Esq.  
 J. Cowan, Esq.  
 J. Davis, Esq.

H. M. Jenkins, Esq.  
 D. Jones, Esq.  
 N. Levy, Esq.  
 F. Mercier, Esq.  
 J. Proctor, Esq.  
 H. Staples, Esq.  
 J. Twycross, Esq.

The Commissioners for the Seven per Cent. Loan maintained agents in Costa Rica, during the present year, but they were not able to effect any arrangement with the Government.

The Committee of holders of the Six per Cent. Loan have applied themselves, of late, to the promotion of a union among the Bondholders of both Loans, so as to obtain joint communication and joint action in negotiations with the Costa Rica Government.

Information which has been obtained by the Six per Cent. Committee confirms the representations, previously made, as to the value of the resources of the country, and their probable productiveness, if the railway, now only partially made, were completed. Unfortunately it would seem that the means requisite for completing the railway can only be obtained by anticipating the future development of the country dependent on its completion, and not from independent sources.

## ECUADOR.

### Ecuadorian Committee.

J. Field, Esq., *Chairman.*

Rt. Hon. E. Pleydell-Bouverie,

*Ex-officio.*

F. Bennoch, Esq.

L. N. Bonar, Esq.

E. Haslewood, Esq.

W. T. F. M. Ingall, Esq.

A. Levy, Esq.

F. C. Pawle, Esq.

Ed. Wright, Esq.

*Secretary.*

H. Schirges, Esq.

The Memorial addressed by the Council, in conjunction with the old established Ecuadorian Commission of Agency, to the President, Dr. Antonio Borrero, as mentioned in the Council's last Annual Report, was replied to in terms which encouraged the hope that the present Government of Ecuador would be disposed to observe faith towards its foreign creditors. The Committee have taken immediate steps to act upon a sugges-

tion of the President's, and to appoint an agent for negotiating an arrangement at Quito, between the Republic and the Bondholders. A Member of the Committee, who has for many years taken an active part in the Commission of Agency, offered his services to conduct these negotiations. The Committee have authorised him to proceed to Quito, and to secure, in co-operation with Mr. Douglas Hamilton, H. B. M's. Minister in Ecuador, to whose non-official assistance they have been throughout greatly indebted, some satisfactory arrangement of the Foreign Debt of Ecuador.

## EGYPT.

The Council having received numerous applications, from Egyptian Bondholders, adverse to the then proposed Unification scheme, a meeting was announced for the 1st June last, but was afterwards postponed.

A private conference of persons interested in the Egyptian Debt was subsequently held at the Council-house, on the 27th June, when the Council were requested to take the necessary measures in order to communicate with the Right Hon. G. J. Goschen, M.P., with a view to his undertaking the representation of the interests of the holders of the Funded Debt.

On the 3rd July a deputation waited on Mr. Goschen, who expressed his willingness to represent the Bondholders, on certain conditions, which he stated to the Council in a letter dated 4th July.

A circular was accordingly issued to the Bondholders about 3,000 of whom gave their adhesion to the stipulations contained in Mr. Goschen's letter.

At a large meeting of Bondholders presided over by the

Chairman of the Council on 3rd October, Mr. Goschen announced his willingness to proceed to Egypt, and received full authority from it to act, in the following resolution :—

RESOLVED—“That this Meeting request the Right Hon George J. Goschen, M.P., to proceed to Egypt on their behalf, and do hereby give him full authority to act for them in such arrangements as he may think fit to make with his Highness the Viceroy and the Egyptian Government, with respect to the Egyptian Debt.”

In compliance with this resolution, Mr. Goschen proceeded to Egypt, and in conjunction with Mons. Joubert, the representative of the French Syndicate, succeeded in effecting an arrangement of the debt, the terms of which are embodied in the decree of the Khedive, of 18th November. This arrangement Mr. Goschen laid before a very large meeting of Bondholders, held on the 28th November, and presided over by the Chairman of the Council, when the following resolutions were passed :—

(1.) “That this Meeting wishes to tender its warmest thanks to the Right Honourable G. J. Goschen, M.P., for his exertions in conducting and concluding, on their behalf, his negotiations with the Egyptian Government for the payment of the debts of the Government, and of His Highness, the Khedive ; and also to acknowledge the zeal, despatch and masterly ability with which those negotiations have been brought by him to a successful issue.”

(2.) “That the hearty thanks of this meeting be also given to M. Joubert, the representative of the French Creditors of the Egyptian Government, for his loyal and able co-operation with Mr. Goschen in effecting a settlement, and that the Chairman be instructed to convey these thanks to M. Joubert.”

(3.) “That the warmest thanks of this General Meeting of Egyptian Bondholders be given to the Right Hon. E. Pleydell-

Bouverie, Chairman, for presiding on this occasion, and to the Council of Foreign Bondholders for taking the initiative in obtaining for the Bondholders the representation of their interests by the Right Hon. George J. Goschen, M.P., and in co-operating with him."

The 1870 Loan, forming part of the Daira Debt, not being included in the arrangement, a meeting of the creditors of the Daira was held on the 12th December, Mr. Richard Biddulph Martin, a Member of the Council, in the chair, when Mr. Goschen was unanimously requested to represent the Daira creditors. Mr. Goschen published the following reply on the 16th December:—

SEACOX HEATH,

HAWKHURST,

*December 16th, 1876.*

GENTLEMEN,

With reference to the resolution passed at the meeting of the Daira Creditors on the 12th inst., requesting me to act on your behalf, and to make such arrangements as I might think best, I beg to state that I will continue to represent your interests and endeavour to make a satisfactory settlement during the course of the next few weeks. But if it should prove to be impossible to bring the negotiations to an end before the meeting of Parliament, it will be necessary to make other arrangements. The mission which I accepted at the hands of the Egyptian Bondholders has caused me unceasing anxiety during the whole of this Parliamentary recess. When the House of Commons meets, my Parliamentary and political duties will require my undivided attention, and I must then claim to be released from the work which, till then, I am willing to undertake. I shall, of course, do whatever I can to place matters on such a

footing that, if no agreement has been previously come to for the settlement of your claims, your interests will continue to be carefully and adequately watched till you have decided in what other way you would wish to be represented.

I have the honour to be,

Gentlemen,

Your most obedient Servant,

(Signed)

GEORGE J. GOSCHEN.

## GREECE.

The Council having been informed by their Agent at Constantinople, that the Hellenic Minister there had expressed an opinion that a Memorandum on the Greek Debt should be drawn up, a statement setting forth the rights of the holders of the Loans of 1824 and 1825 was sent for presentation to H. E. the Greek Minister, with the request that he would bring it before his Government.

The principal outstanding, and the arrears of interest amount at present to about £8,592,500.

## GUATEMALA.

## Guatemala 1869 Committee.

General Sir George Balfour,  
K.C.B., M.P., *Chairman*.

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio*.

H. F. Bailey, Esq.

Dr. Behrend.

Robert Bowden, Esq.

James Roberts Brown, Esq.

James Charles, Esq.

George Cavendish Taylor, Esq.

S. W. Willet, Esq.

Morgan Yeatman, Esq.

Brodie de Zulueta, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Agents for Arrear Certificates.*

Messrs. I. Thompson, T. Bonar,  
and Co.

*Agent.*

Sir Henry Scholfield, H.B.M.  
Consul, Guatemala.

## 6 PER CENT. LOAN OF 1869.

The arrangement, made by the Council in 1872, for the payment in instalments of the two coupons due in that year has worked satisfactorily. The final settlement was effected in April last, the Bondholders receiving 6s. 4d. per cent. in excess of the par value of the coupons.

The coupons, due in October, 1875, and April, 1876, fell also into arrear owing to the war with a neighbouring Republic. Through the exertions of Sir Henry Scholfield, H.M. Chargé d'Affaires, the Agent of the Bondholders in Guatemala, payment of these arrear coupons has been arranged by means of Treasury Bonds bearing 6 per cent. interest, and payable at twelve months from the above dates respectively.

With reference to the service of the debt from October,



1876, the Government has undertaken to pay on the 1st November, and 1st December, 1876, and 1st January, 1877, \$10,000 each month; on the 1st February and 1st March, \$15,000; and subsequently, at least \$20,000 per month. Two payments of \$10,000 each have been received by Sir Henry Scholfield.

#### 5 PER CENT. LOAN.

No remittance has been received for the arrears due on this Loan, which constitutes the share of debt apportioned to Guatemala of the indebtedness on the old Loan, raised in England for the Central American Federation.

### HONDURAS.

The Republic of Honduras continues in the same condition as heretofore.

Don Carlos Gutierrez has ceased to represent Honduras in this country.

No compensation, so far as the Council are aware, has been made to the holders of Honduras Bonds by any of the persons who were concerned in the issue of the various loans.

The Government of Honduras has long ceased to pay even the insignificant amount of yearly dividend assigned to the State as its proportion of interest upon the old loan raised for Central America in London, and for which the Customs of Amapala, in the Pacific were hypothecated.

### ITALY.

The Government of Italy have not relieved their creditors from the deductions made from the interest due to them,



nor have the Council been able to obtain any concessions on their renewed representations.

The Council have lately received numerous applications of holders of the South Austrian (Lombardo-Venetian) Railway Obligations who strongly complain of the deduction by the Italian Government from their coupons of 7·14 per cent. per annum on every bond. With reference to this complaint the Council, through the courtesy of Messrs. De Rothschild, have been furnished with the following :—

EXTRACT FROM THE REPORT OF THE LOMBARDO-VENETIAN  
RAILWAY COMPANY.

“ We must now call your attention to the provision in the Treaty of Basle, relative to the Income-Tax in Italy.

“ In purchasing our system by means of an annuity, the Government declared itself unable to exempt it from the general laws which have imposed the Income-Tax, or tax on ‘ Richezze Mobile,’ both on State rente and on the shares and obligations of companies limited. This tax was made a *sine quâ non* of the purchase, and after a vigorous resistance, we were obliged to submit to it.

“ Up to the present time, in consequence of the modifications in the concessions of our line by the Convention of 5th July, 1870, our company has occupied, in Italy, as regards taxes, an exceptional position. According to this Convention we have only been compelled to pay, under this head, the same amount which we paid in 1867.

“ As to any balance of taxes which might remain to our debit on this account, it was agreed that payment should be suspended, and charged to our account with interest, and could only be exacted when the lines of the system should bring in an annual amount of 44,000 francs per kilometer, and not later than the year 1891.

“In consequence of this Convention the burden sustained by our company has been very much lighter than that borne by Italian companies.

“As this sum, apportioned among all our bonds, represented only a very small fraction, your Board of Directors did not think fit to use the right which the Italian law formally gave them, of causing the amount to be reimbursed by deductions from the amounts paid holders of bonds directly subject to the tax.\*

“The Treaty of Basle has put an end to the Convention of 5th July, 1870. We submitted this treaty to your approbation at the Extraordinary Meeting of 28th February last.

“You will remember that the aggregate capital, which served as a basis for the annuity, was fixed at 613,252,478fr. 64c.

“It was shewn that this capital consists of :—

1st,	375,000 shares of 500f.	. .	Fr.187,500,000 00
2nd,	1,783,032 obligations at 238f.78c.		425,752,478 64

Total	. .	Fr.613,252,478 64
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“The annuity for the extinction of this capital had been fixed at 33,160,211fr. 12c., which would be subject to the deduction of income tax.

“But the Austro-Hungarian Government, to whom the treaty had to be submitted, seriously considered the potential increase of the tax, and strenuously insisted that the amount

\* Law of 28th June, 1866, Art. 6 :—“Provinces, Communes, Institutions, Firms, and Companies shall declare not only their own income, but also the salaries, pensions, and assignments which they pay, interest on debts contracted by them, and obligations issued by them. They shall pay direct the relative tax, even on the latter revenues, and shall reconp themselves on their assignatories and creditors by means of deductions.”

to be received by the Italian Government should be fixed definitively and for the whole duration of the treaty. This was done in the Supplementary Convention signed at Vienna on the 28th February, 1876.

“With regard to this, the Italian Government, in its statement to the Chambers on the 9th March, 1876, on presenting the bill for the approbation of the treaty, expressed itself in the following manner:—

“‘In order to comply with the desire of the Austrian Government a Convention was entered into, on the 25th February, 1876, at Vienna, between the Italian Government and the Company, which modifies Articles 4 and 5 of the Convention of Basle and reduces the annuity to a sum, nett and free from any deduction, of 29,569,887fr. 12c. until 31st December, 1954, and of 12,774,751fr. 26c. from the 1st January, 1955, to the 31st December, 1968.’

“‘As a basis for this alteration we have taken the present tax of 13·20 per cent. applied to that portion of the annuity assigned for interest, and have calculated the annual mean, retaining interest at 6 per cent.’

“This tax amounts to 3,590,324fr.

“It results therefrom, that according to the constituent elements of the aggregate capital, viz:—share and obligation capital, the tax of 3,590,324fr. falls on the obligations to the amount of 3,231,290fr., or about 80c. per obligation, and on the shares to the amount of 359,034fr.

“Such being the case, that portion of the tax applicable to the obligations can on no account be charged on the shareholders of the company.

“Had distinction between the various obligations been practicable, the Italian Government would have charged the tax direct on to the bonds themselves, the principal portion of which are for the capital engaged in the Upper Italian system. Such has been their mode of dealing with regard to obligations issued by purely Italian companies.

“Our company being both Italian and Austrian, and having issued obligations which served for the construction of both systems, it was impossible to proceed in the same manner, and thence the necessity of apportioning the tax among all the obligations issued by the company, all distinction between them being impracticable.

“The same mode of apportionment is evidently applicable in regard to the French taxes on the obligations. These taxes are in some sort optional for Foreign companies. They are the consequences and the price of admission to a quotation on the Bourse of their securities. Art. 9 of the law of 23rd June, 1857, subjects shares and obligations of Foreign companies to duties equivalent to those laid on French securities by the present law, and by that of 5th June, 1850, and provides that they cannot be quoted or negotiated in France without submitting to the payment of these duties.

“Foreign companies, wishing their securities to have the benefit of the French market, are obliged, in the same way as French companies, to pay in advance the amount of these taxes. They can obtain exemption from them by sacrificing a quotation, but in this case the French market is closed against the negotiation of their securities. Is there any reason for our company to make such a sacrifice? Your Board of Directors were not of this opinion. But they did think that the time had come when the duties with which the law has burdened the obligations should no longer be placed to the debit of the shareholders.

“The advantages to the holders of your securities, resulting from the negotiation of their securities on a market so vast as that of France, are so evident, that it appears needless to insist further upon them. To renounce a quotation would be, in fact, to immobilise them in the hands of their holders. The duties charged being the price of admission to the market, in justice should be borne by those who profit by

them. Now it is incontestable that all holders of our obligations, whether in France or abroad, are equally interested in finding so important a market permanently open to the negotiation of their bonds.

“And, moreover, the tax being apportioned over the total amount of the obligations issued, the burden is considerably diminished.

“You are aware that, as regards Foreign securities, the French law provides that the tax may be assessed on a determinate fraction of the number and capital of the bonds.

“The number of the obligations of our company at present so subject to taxation, has been fixed at 820,000. These are liable to transfer duty of 20 c. per cent. calculated on the mean price for the preceding year, the tax on revenue of 3 per cent., and that charged on the premium between the repayment value and price of issue. The aggregate amount of these taxes for the year 1875, on the 820,000 obligations, amounted to a total of 776,920 f. 08 c., not including the stamp tax, which remained at the charge of the company. This sum, apportioned among the 4,054,438 obligations issued up to this date, debits each bond by about 20 c.

“Thus, both on account of the Italian tax and of the French taxes, our obligations will have to bear a deduction of about 1 f. per obligation, or 50 c. half-yearly.

“As regards our shares, the taxes paid either in Italy or France by the company, having the effect of diminishing by so much the profits to be divided, there is no occasion to occupy our time by investigating their amount.

“The Directors have thus decided that from the 1st January, 1877, a deduction of 50 c. shall be made from the half-yearly interest coupon of each obligation.”

## LOUISIANA.

## Louisiana Committee.

Henry Rawson, Esq., *Chairman*.  
 Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 General Sir George Balfour,  
 K.C.B., M.P.  
 J. A. Hankey, Esq.  
 Fortescue Harrison, Esq., M.P.  
 G. I. Leon, Esq.

Francis Bennoch, Esq.  
 Morris Cantor, Esq.  
 Louis Floersheim, Esq.  
 Robert Monckton, Esq.  
 J. Hume Webster, Esq.

*Secretary.*

Hyde Clarke, Esq.

The "Funding Act" of 24 Jan., 1874, still continues in operation, the amount of bonds now converted being \$9,306,900.

In accordance with the resolutions of the 19th May, 1875, the Council have issued to holders in England and Holland, 3,185 Certificates of Claim against the State of Louisiana amounting to \$918,560 for the loss of 40% of principal, involved in the conversion under Notarial Protest of \$2,296,400 Old Bonds.

Neither the New Bonds, nor the Certificates, are at present officially quoted on the London Stock Exchange; application for the quotation of the new Bonds was, made in October last by Messrs. Laurie Milbank & Company, and was refused, on the ground of the flagrant nature of the breach of contract with the old Bondholders.

The Coupons on the New Bonds of the same date, due on first of January last, were paid if represented by that date, but Coupons presented afterwards were arbitrarily refused payment.



## MEXICO.

H. B. Sheridan, Esq., M.P.,  
*Chairman.*

F. Bennoch, Esq., *Vice-  
 Chairman.*

Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio.*

L. N. Bonar, Esq.

Francis C. Irving, Esq.

Admiral of the Fleet Sir  
 Provo Wallis, G.C.B.  
 Edward Wright, Esq.

*Secretary.*

W. W. Holmes, Esq.

*Agent in Mexico.*

E. J. Perry, Esq.

At the urgent instance of several Bondholders, and with the concurrence of the Mexican Bondholders Committee, as then constituted, the business of that committee was transferred to the Council, by a formal resolution, unanimously voted, at a public meeting of the Bondholders, held on the 4th April 1876, and due notice of that arrangement was immediately transmitted to Mexico, where the agency of the Bondholders was continued in the hands of Mr. E. J. Perry.

Proposals for an arrangement were made to the Committee by the representatives of a company, called "The National Bank of Mexico." The recent revolutionary outbreak has, however, caused the suspension of all negotiations.

## PARAGUAY.

The Council entertained, at one time, a well-founded hope that an arrangement, which was made last year by Señor Bareiro, representing the Republic of Paraguay with them-

selves, would afford an opportunity to the Bondholders of recovering at least some portion of their property advanced on the credit of this State.

This arrangement, which was confirmed by the Legislature of Paraguay, included the establishment of a National Bank of Paraguay, to which very large privileges were conceded by the Government, and its establishment, it was expected, would assist materially to restore prosperity to the Republic.

Unfortunately, the bank did not succeed in obtaining a sufficient subscription of capital, within the time limited by the aforesaid arrangement, for its establishment, and by the latest advices, the Government of Paraguay appears to have considered the arrangement at an end, and has obtained the repeal of the Legislative measures which were passed to confirm it.

The Council have, however, reason to believe that the Government fully acknowledges the obligation of its Public Debt, and is willing to take such steps as are in its power, to meet that obligation, although the condition of Paraguay is, at present, such as to render it incapable of providing the requisite funds. The Council will continue, therefore, to give this business its close attention, in the expectation that some reasonable arrangement may yet be arrived at for the benefit of the Bondholders.

## PERU.

As nothing seems to be finally adjusted respecting the Peruvian External Debt, the Council propose to narrate the public occurrences of the past year respecting it, which they think will be found convenient by those interested in it.

On the 1st January, 1876, actual default was made in the



payments due on the External Debt, and in the newspapers of the 3rd January Sir Charles Russell, Bart., M.P., invited, by advertisement dated 1st January, 1876, Peruvian Bondholders to send their names and addresses to Messrs. Bircham, Drake and Co., who would send cards of admission for the public meeting to be held on the 7th January.

On the 13th January the Committee publicly announced that Messrs. Druce, Sons and Jackson, of 10, Billiter Square, were appointed solicitors to the Committee, and that all communications and contributions of Bondholders should be sent to their address.

On the 11th January the Government resolved to set aside 100,000 tons guano as security for the unpaid January Coupons.

Early in March Señor Don José de la Riva Aguëro arrived in Paris, accredited Minister to the French Government, and Special Commissioner for settlement of the financial questions.

In the meantime, the Peruvian Committee were in negotiations with the Peruvian Minister in London, Señor Don Pedro Galvez, and arranged terms with him, but, on the arrival of the new commissioner in Europe, Señor Galvez desired to act only with his approval and consent. Señor Aguëro was then at Paris, but subsequently came to London and had interviews with the Chairman of the Committee, on the 3rd and 4th April, when the guano contract, which he had concluded on the 31st March with the Société Générale of Paris was communicated to the Chairman.

On the 4th April the Committee protested, by letter, against the contract for the sale of guano, concluded by Señor Aguëro with the Société Générale, and notified a public meeting of Bondholders for the 11th April.

On the 8th April Señor Aguëro sent a long reply to the chairman, which was published on the 11th April in the newspapers. In this letter Señor Aguëro recapitulated the history of the past transactions.

The whole correspondence between Sir Charles Russell and Señor Aguëro was published on the 11th April.

At the public meeting of the 11th April a deputation from the Committee of French Bondholders attended and handed in a protest against Señor Aguëro's contract with the Société Générale, and the meeting passed a resolution strongly protesting against this contract, and authorising the Committee to make such protest effective.

The existing contract for the exclusive sale of guano with Messrs. Dreyfus Brothers and Co., expired on the 31st October, 1876, at which date it was calculated that about 500,000 tons of guano would remain unsold in their hands, requiring the year 1877, and up to June of 1878, for their disposal.

After the last meeting of Bondholders it was publicly stated that the Société Générale was prepared to amend their contract in the interest of the Bondholders, and to guarantee a minimum rate of interest from 1877 forward for a term of years. The offer, as made on the 21st April was to guarantee  $\frac{1}{2}$  per cent for the years 1876 and 1877, 1 per cent. for 1878 and 1879, after which year the income from the Guano sales would suffice to pay one half of the interest on the Six per Cent. and Five per Cent. Bonds of 1870 and 1872. The unpaid balance of half of the existing interest less the cash payments made for 1876 to 1879 inclusive, to be funded into a Three per Cent. Stock.

On the 26th April, the Peruvian President Elect, General Mariano Ignacio Prado arrived in London and put himself in communication with the Committee.

On the 7th June General Prado signed, with the approval of the Committee, a contract for the sale of 1,900,000 tons of Guano to Messrs. Raphael, Candamo and Heeren.

On the 10th of June General Prado and Sir Charles Russell signed the Supplementary Memorandum to the

Guano Contract, subject to the approval of Congress and of the Bondholders. This Memorandum provides for the funding into Three per Cent. Stock of the six coupons due in 1876, 1877, and 1878 ; the conversion of the Six per Cent. Bonds of 1870 into Five per Cent. Bonds of 1872, at the rate of £100 of the former into £120 of the latter, the permanent reduction of the interest from 5 per cent. to 3 per cent. per annum. The first coupon to be payable on the 1st January 1879. Any balance available to be applied to the purchase of bonds in the market. The six arrear coupons on the Small Pisco to Yca Railway Loan to be paid in full, but without interest, on the 1st January, 1879. The first coupon to be paid on this Loan, to be that due 1st January, 1879, and without reduction. All expenses to be paid from first available funds.

On the 13th June Sir Charles convened a meeting of Bondholders for the 16th June, to submit the Guano Contract with Messrs. Raphael, Candamo, and Heeren, and the Memorandum for the Settlement of the Debt. Mr. Robert A. Heath, a member of the Committee, resigned.

At this Public Meeting of the 16th June, Sir Charles Russell, the Chairman, stated that Messrs. Raphael will take one quarter of the capital of the Guano Company, the shares of which would be for £5,000 each. The Committee calculated to sell from 1st November, 1876, to 1st November, 1877, a quantity of 150,000 tons, which at a profit of £7 per ton, would yield £1,050,000 (Messrs. Dreyfus would sell in the same period 225,000 tons). In 1878 the profit on a like amount (150,000 tons), would balance the advances made to the Government to the end of 1878. In 1879 Messrs. Dreyfus would have only 50,000 tons to sell, and the Committee calculated on a sale of 225,000 tons, yielding for the Bondholders £1,175,000. In 1880, 1,925,000 was left for the Bondholders.

Mr. T. Cave, M.P., moved an amendment at the Meeting to the effect, that only a contract providing for the early resumption of interest payments would be acceptable to the Bondholders.

Mr. Brandon, Solicitor to the French Committee, handed in a protest against the Guano Contract and Memorandum, signed by A. d'Auregan, as President, and A. Guillaume, as Vice-President of the Committee of French Bondholders.

Sir Charles Russell stated that the protest had been withdrawn, after which a Resolution approving the Contract and Memorandum was carried.

On the 17th June, 1876, M. d'Auregan publicly disavowed Sir Charles Russell's statement as to the withdrawal of the French protest.

On the 26th June, Messrs. Markby, Tarry, and Stewart, Solicitors, addressed protests to Sir Charles Russell, Señor Don Pedro Galvez, and Messrs. Raphael and Sons, C. G. Candamo, and A. Heeren, on behalf of Mr. James Croyle, of Godstone House, West Hill, Sydenham, stating that they would hold them personally responsible for any loss which their clients might sustain.

The Société Générale protested in Peru against the Raphael Contract on behalf of the Bondholders.

On the 3rd July, Mr. Laurence Keith, of 4, Winchester Street Buildings, invited holders 6 per Cent. Bonds of 1870 to combine and send him particulars.

Mr. W. B. Heath, of Bartholomew House, advertised on the 10th July, 1876, requesting dissentient Bondholders to send him their names and addresses.

Early in July the Guano Company was registered.

The newspapers of the 17th July published Mr. T. Cave's letter of the 14th, in which Bondholders, adverse to the Committee's proceedings, were invited to send in names and addresses to 84, Lombard Street.

Mr. James Twycross invited by a public letter of 18th July, the 1870 Bondholders to send in their names and addresses to the Secretary of the Associated Peruvian Bondholders, at 84, Lombard Street.

On the 17th July, Mr. Croyle's Committee obtained an opinion from the following Counsel: H. Cotton, A. H. Thesiger, and S. Buckley to the effect, that the Guano in the hands of Messrs. Dreyfus preferentially belongs to the Bondholders, over the advances of that firm to the Government, and that the Raphael Contract was a violation of the rights of Bondholders by the Government, but that there was no course open to the Bondholders, with respect to the Raphael Contract, than that of remonstrance with the Government. This opinion was published on the 26th July, and Bondholders were invited to co-operate with Mr. Croyle's Committee in Law Proceedings, and to send particulars to Mr. William Clarke, Secretary to Mr. Croyle's Committee, at 2, Talbot Court, Gracechurch Street. This request was repeated by advertisement on the 28th July.

The Belgian Bondholders sent in July a protest to the Government at Lima. The protest was signed by Goddérés Frères, bankers at Antwerp.

On the 31st July the suits of Twycross v. Dreyfus, Schroder and others, and Croyle v. Dreyfus, Schroder and others, were transferred from Vice-Chancellor Malins' Court to that of Vice-Chancellor Sir Charles Hall.

The suits of Twycross v. Dreyfus et. al., and Croyle v. Dreyfus et. al., were heard by Vice-Chancellor Hall on the 7th December, 1876, but the motion for injunction was refused for want of jurisdiction, the suits being in fact directed against a Foreign Government.

On the 6th January, 1877, Mr. Croyle's Committee advertised in the newspapers a form of protest, and requested Bondholders to sign it, and to forward it to the Peruvian Minister in London for transmission to his Government.

The Solicitors to the Bondholders Committee, Messrs. Druce and Co., sent a letter to the newspapers of the 9th January, stating that the Raphael Contract was not open to rescision, and that it did not require ratification by Congress. That the executive duly confirmed it on the 22nd July, 1876, since which date it was in full force. That the Memorandum of 10th June, 1876, was accepted by the House of Representatives on the 2nd October, 1876, but that the Senate adjourned discussion until the arrangement was accepted by all Bondholders.

In the newspapers of 11th January, 1877, the Solicitors to Mr. Croyle's Committee contradict the above statement as to the Raphael Contract, saying that an important part of it required ratification by Congress.

On the 10th January, the French Court of First Instance gave judgment in the suit of the French Committee against Messrs. Dreyfus and Company and the Société Générale to the effect, that Messrs. Dreyfus were to render an account of the sales of Guano, and of the sums received from former agents for the sale, and the Société Générale was released, as it was no party to the Loan contracts for the 1870 and 1872 Loans.

The Bondholders' Committee notified in the press of the 20th January, 1877, that they had appointed, on the 19th January, conditionally on the ratification of the Memorandum of the 10th June, 1876, as Trustees for the Bondholders:—Right Hon. Sir James Fergusson, Bart., K.C.M.G., P.C., late Governor of New Zealand, and Mr. George H. Hopkinson, banker.

Mr. George Croyle's Committee expressed their intention to send an agent to Peru to remonstrate with the Government.

## PORTUGAL.

Representations having been made by the Council to the Government as to the inconvenience of requiring a banker's signature, to the letter of indemnity given by holders of the 3 per Cent. Loan of 1853, who had lost their Certificates of Eventual Interest, on exchanging their bonds for bonds of another issue, the Government were pleased to dispense with it, accepting the simple guarantee of the holders.

Several Bondholders have availed themselves of the privilege.

The Government of Portugal has given a very useful example to those Governments, which have Securities negotiated on the London market, by causing to be published, in English, a translation of the "Report of the Finances of Portugal, presented to the Córtes, by His Excellency the Finance Minister, Antonio de Serpa Pimentel, on the 9th of January, 1877." This is issued by the Fiscal Commissioner in London, Senhor da Costa Ricci, from whom it may be obtained by Portuguese Bondholders.

## ROUMANIA.

## ROUMANIAN RAILWAY COMPANY.

The overdue coupon for the year 1874, due 1st July, 1875, together with the coupon due 1st July, 1876, were discharged by an issue of 6 per cent. bonds at par, redeemable in twenty-four years, for the amounts of the dividends declared for these years. The first drawing of the new bonds took place in September.



The coupons on the shares being exhausted, the Roumanian Railway Company addressed the Council, asking them to inform the English Shareholders, that the course they must pursue, was, to cut off the talon attached to the shares, and forward it, together with a remittance in German stamps, to cover the expense of sending the new coupon sheet.

Numerous applications have been received from the Shareholders, to whom the Council has rendered assistance, both in the conversion of the coupons, and in obtaining the new coupon sheet.

## RUSSIA.

In consequence of the representations of the Council of the inconvenience to Bondholders resulting from the issue of advertisements and notices in the French language only, the Russian Government have recently published their notices to Bondholders in English as well as in French.

## SALVADOR.

General Negrete, late Minister of the Republic in London, not having favoured the Council with any reply to the letters, addressed to him, on the subject of the payment to the holders of the outstanding bonds of the Salvador portion of the old Central American debt, a memorial of the Council on the subject addressed to the President of the Republic was presented to the Minister of Foreign Affairs of Salvador, by Her Majesty's Minister in Central America, on the 22nd of



May last. To this memorial the Council have not yet received a reply.

## SANTO DOMINGO.

### Santo Domingo Committee.

F. Bennoch, Esq., *Chairman*.  
 Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 Maj.-General J. L. Vaughan,  
 C.B., *Deputy-Chairman*.  
 G. A. Addison, Esq.  
 Dr. A. Benisch.  
 E. Lennox Boyd, Esq.  
 Robert Bradshaw, Esq.  
 C. A. Day, Esq.  
 Capt. W. Delf.  
 R. F. Eland, Esq.  
 W. Ford, Esq.  
 J. Foster, Esq.  
 G. Grantham, Esq.  
 Major J. C. Harris, R.E.  
 Rev. E. S. Hart.  
 R. H. Household, Esq.  
 H. B. Hyde, Esq.

W. Johnson, Esq.  
 Robert Monckton, Esq.  
 R. L. Morris, Esq.  
 J. G. Peckham, Esq.  
 Chas. Penruddocke, Esq.  
 C. W. Price, Esq.  
 V. D. Ray, Esq.  
 H. E. Rensburg, Esq.  
 P. C. Renton, Esq.  
 W. Richardson, Esq.  
 Aug. Styles, Esq.  
 G. R. Walker, Esq.  
 Count M. G. de Wczele.  
 Colonel R. White.  
 Thos. Williamson, Esq.  
 Thos. Wilshire, Esq.  
 C. O. Wombwell, Esq.  
*Secretary.*  
 Hyde Clarke, Esq.

No further payments on account of principal or interest have been made to the Bondholders by any of the persons concerned in the issue of the Santo Domingo Loans.

## SPAIN.

## General Committee of Holders of the Three per Cent. External Debt.

Right Honourable Lord  
Hampton, G.C.B., *Chair-*  
*man.*

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio.*

Augustus B. Abraham, Esq.

General Sir George Balfour,  
K.C.B., M.P.

Dr. A. Benisch.

F. Bennoch, Esq.

W. H. Bishop, Esq.

A. Blackborne, Esq.

Lionel N. Bonar, Esq.

Sir Antonio Brady.

Edmund Burke, Esq.

Andrew Cassels, Esq.

M. Castello, Esq.

John Collinson, Esq.

Captain Craigie.

Robert Crawshay, Esq.

Chas. John Croke, Esq.

Col. the Hon. H. B.  
Dalzell.

Geo. Dibley, Esq.

R. Dixon, Esq.

W. Duncan, Esq.

Roger Eykyn, Esq.

J. Figgins, Esq., Alderman.

Henry I. Fotherby, Esq.,  
M.D.

Captain T. Fuller.

Commissary-General R. M.  
Gardiner.

James Gardner, Esq.

Robert Gardner, Esq.

John Goddard, Esq.

Wm. Grain, Esq.

G. de G. Griffith, Esq., M.D.

W. Griffith, Esq.

Rev. W. B. Harrison.

Spencer Herapath, Esq.

Geo. Herring, Esq.

Rev. W. Hodgson.

W. Hopkinson, Esq.

E. J. Hutchins, Esq.

E. Jeggins, Esq.

Jas. Birch Kelley, Esq.

Thos. Kent, Esq.

Capt. Gilbert T. Key, R.N.

Arthur Kimber, Esq.

G. I. Leon, Esq.

C. E. Lewis, Esq., M.P.

Chas. Magniac, Esq.

W. H. Mogg, Esq.

Rev. M. N. Nathan.

H. N. Nissen, Esq.

A. Northen, Esq.  
 Parkinson Oates, Esq., M.D.  
 M. J. Power, Esq.  
 J. Remfrey, Esq.  
 D. Robinson, Esq.  
 Sir Philip Rose, Bart.  
 L. M. Rothschild, Esq.  
 Christopher Rowlands, Esq.  
 Thomas Rumball, Esq., C.E.  
 Sir Charles Russell, Bart., M.P.  
 Dr. Max Schlesinger.  
 Thomas Sidney, Esq., Alderman.  
 H. Skynner, Esq.  
 H. Solomon, Esq.  
 General Edward Studd.

C. Surgey, Esq.  
 John Vade, Esq.  
 General J. L. Vaughan, C.B.  
 Lieut.-Col. Vickers.  
 Chas. Waring, Esq., M.P.  
 Count. M. G. de Wezele.  
 J. H. Wolton, Esq.  
 Edwd. Wright, Esq.  
 G. Wythes, Esq.

*Secretary of the Committee.*

Hyde Clarke, Esq.

*Agent in Madrid.*

John Hamilton, Esq

#### SPANISH 3 PER CENT. EXTERNAL DEBT.

*Arrangement of 1875.*—The conversion under this arrangement is nearly completed. An amount of £6,537,000 18s. of coupons has been presented for conversion up to the present time.

The cancellation of the 5 per cent. Rio Tinto bonds, in accordance with the stipulations of the Deed of Trust, was duly proceeded with in the course of the year. The total amount now cancelled is £88,900, inclusive of £57,700 of bonds representing the like amount of scrip cancelled in December, 1875, to June, 1876.

*Arrangement of 1876.*—The subjoined Bases of Arrangement, as referred to in the Report, were signed on the 15th June and accepted on the 16th, at a Public Meeting of Spanish Bondholders, the Right Hon Lord Hampton, Chairman of the Committee of Spanish Bondholders, in the chair.

## BASES OF ARRANGEMENT

IN REFERENCE TO

## THE SPANISH EXTERNAL DEBT,

*Agreed between Señor Gisbert, on behalf of the Government of Spain, and the Corporation of Foreign Bondholders, as representing the Holders of Spanish External bonds who shall accept the same, and entered into pursuant to the Report of the Spanish Minister of Finance and the Project of Law presented to the Córtes.*

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1. The rate of interest on the External Debt now outstanding to be reduced, and after the 1st January, 1877, the coupons to be paid on the following scale:—

Coupons payable 30th June, 1877,  $\frac{1}{2}$  per cent. for the six months.

Coupons payable 31st December, 1877, to 30th June, 1881, inclusive, 1 per cent. per annum.

Coupons payable 31st December, 1881, to 30th June, 1882, inclusive,  $1\frac{1}{4}$  per cent. per annum.

During the year 1881-2 the period and rate of interest to be determined by new arrangement, to be made between the Government and the Bondholders.

2. All interest and drawn bonds to be paid in London, Paris and Madrid, at the same rate of exchange and in the same manner as heretofore.

3. The five half-yearly coupons due on 31st December, 1874, 30th June and 31st December, 1875, and 30th June and 31st December, 1876, to be discharged by the issue of new External bonds for the like nominal value, bearing 2 per cent. interest from 31st December, 1876, and redeemable in fifteen years at 50 per cent. by half-yearly drawings, to

take place in London or Madrid, in accordance with the following scale:—

1st Quinquennium.	{	2	per cent.	at	50	per cent.
		3	„	„	50	„
		4	„	„	50	„
		5	„	„	50	„
		6	„	„	50	„
		<hr/>				
		20	„	„	50	„
		<hr/>				

2nd Quinquennium.	{	6	per cent.	at	50	per cent.
		7	„	„	50	„
		7	„	„	50	„
		8	„	„	50	„
		8	„	„	50	„
		<hr/>				
		36	„	„	50	„
		<hr/>				

3rd Quinquennium.	{	8	per cent.	at	50	per cent.
		8	„	„	50	„
		9	„	„	50	„
		9	„	„	50	„
		10	„	„	50	„
		<hr/>				
		44	„	„	50	„
		<hr/>				

1st.	20	per cent.	at	50	per cent.
2nd.	36	„	„	50	„
3rd.	44	„	„	50	„
	<hr/>				
	100	„	„	50	„
	<hr/>				

4. A Commission, of half per cent. on the nominal value of the five coupons to be converted, shall be paid to the Corporation, for their services in carrying this arrangement into effect, such Commission to be payable in the form of part of the new Bonds, to be issued under Article 3.

5. In the event of any circumstances arising to prevent the carrying out of this arrangement, the original rights of the Bondholders shall be restored.

6. No tax or imposition of any description whatsoever to be levied on any interest or drawn bonds.

7. Should the Government of Spain enter into any agreement more favourable to creditors of any class than is stipulated in this convention, the External Creditors shall be placed in the same favourable condition.

8. These bases to be carried into effect by a more formal document, containing all other requisite and incidental provisions, to be signed by the parties hereto, and submitted to a public meeting of Bondholders for their confirmation.

9. Should the Government have at its disposal a larger sum than is necessary for the fulfilment of what is agreed in this convention, such sum may be applied to a sinking fund for the redemption of the General Debt.

10. This convention is subject to the condition of being approved by the Cortes of Spain.

LONDON, 15th June, 1876.

The following was the Resolution of the Meeting :—

“ That the bases now read of an arrangement provisionally made between the Spanish Government and the Council of the Corporation of Foreign Bondholders, on behalf of the holders of 3 per Cent. External Debt, be accepted by this Meeting, and the Council of Foreign Bondholders are hereby empowered and instructed to take all such measures as may be necessary to carry the same into effect.”

The Córtes adopted the arrangement with some modifications, and it became law on the 21st July last.

One of the more important modifications made by the law was the payment, in January, 1877, of  $\frac{1}{4}$  per cent. on account of the coupon due 30th June, the other  $\frac{1}{4}$  per cent. being payable on the due date of the coupon. This was in compliance with an expectation held out by Señor Gisbert during the negotiations, that the Government would, if possible, as an earnest of its goodwill, make an anticipation of the payment.

On the 10th January the Spanish Financial Commission published the advertisement, calling in the coupons.

The Stock Exchange have since quoted the Stock ex coupons, including the coupon due 30th June next.

#### SPANISH NATIONAL LANDS' LOAN OF 1871.

The annual drawing announced for 25th May, and amounting to 11,786,870 '76 Reales Vn. (equal to 6.258 per cent. on the certificates outstanding on 1st January, 1876), was not held.

Upon receiving urgent inquiries from several large Bondholders, the Council addressed the Bank of Castile, the Spanish Financial Commission, and, finally, the Minister of Finance, on the subject. It appears that the cause of this suspension is, that the Bank of Castile, in pursuance of a Royal Order, was constrained to pay to the Government a sum of 12,004,165 Reals Vn., which had been received in cash, in discharge of certain Pagarés of buyers of National Lands, and had been applied by the Bank, together with the proceeds of Treasury bonds drawn from time to time, to the drawings of certificates in former years. These Pagarés were claimed by the Government as the property of

the Treasury, as not having passed to the Bank under the contracts, upon which the issue of these Land Certificates was based.

On the realisation, from time to time, of these Pagarés, the Bank delivered to the Treasury a like amount of the Treasury bonds forming the collateral security; the Government, on this occasion, had, therefore, to return to the Bank the Treasury bonds formerly delivered by the latter, in connection with the Pagarés now claimed as property of the Government.

The bonds, however, only bearing the coupon due 31st December, 1876, have not produced an immediate return in cash, whilst, on the other hand, the payment to the Government above referred to has absorbed the funds, set aside for the drawing of certificates due in 1876.

Such are the reasons given for the suspension of the 1876 drawing.

## TUNIS.

A suggestion, received from Mr. Wood, Her Majesty's Consul at Tunis, that steps should be taken to obtain a quotation of Tunisian bonds on the London Stock Exchange, could not be carried into effect, the bonds, so far as the Council are aware, being only held to a very small extent in England,



## TURKEY.

Joint Commissions for the Ottoman Loans of 1858 and 1862  
under the Convention of February, 1873.

The Right Hon. E. Pleydell-  
Bouverie, *Chairman of the  
Council of Foreign Bond-  
holders.*

Francis Bennoch, Esq.

Roger Eykyn, Esq.

Thomas Rumball, Esq.

H. A. Withers, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Agent in Constantinople.*

Captain Stab.

The political state of affairs makes it, in the opinion of the Council, as undesirable, as it doubtless would be futile, to press upon the Government, at present, any measure for the resumption of interest on the debt. The Council, however, point with the greatest satisfaction, to the communication from the Grand Vizier to the Ottoman Bank, dated 27th December, 1876, annulling the decree of confiscation (?) of 6th October, 1875 (?). The ground has been thereby cleared for future negotiation and arrangement, and the Council are prepared, at the earliest suitable time, to invite the Government, either to send or receive a duly authorised Agent to consider the whole question.

UNITED STATES OF COLOMBIA (NEW  
GRANADA.)

## New Granadan Committee.

The Right Hon. E. Pleydell-  
Bouverie, *Chairman of the  
Council of Foreign Bond-  
holders.*

Captain Craigie.

E. Jeggins, Esq.

A. Northen, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Bankers for the 4½ % Loan.*  
London and County Bank.

*Bankers for the 6 % Loan.*  
London and County Bank.

*Agent at Bogota.*

Charles O'Leary, Esq., H.B.M.'s  
Vice-Consul.

The Colombian Government have continued to make the remittances on account of the  $4\frac{1}{2}$  and 6 per Cent. Loans, and have been authorised to make an advance of a quarter's dividend on the  $4\frac{1}{2}$  per Cent., so as in future to bring the payment of the coupon up to date.

In consequence of the difficulty, often experienced by the Agent of the Bondholders in Bogotá, in procuring bills suitable for remittance to this country, an arrangement was made with a local bank in Bogotá, by which the bank agreed to provide bills, at the time the remittances were made, the first few bills given under this system, being at sixty days' sight instead of at ninety days', the former rate, thus facilitating a more punctual payment of the coupons.

In consequence of a recent outbreak of civil strife, the militia force has necessarily been largely increased, at a vast expense; and many thousands of industrious people have been taken from their ordinary avocations. The Magdalena River, the channel of transport from the coast to the interior States, has been the scene of contest, trade has been stopped, and the Customs, the chief revenue of the Government, have fallen off, as well as the other main resource for payment of dividends—the sale of salt.

The payment of the Internal Debt has been suspended, and but one half of the September and October instalments on the External Debt has been paid since.

#### LAND WARRANTS.

Enquiries have been addressed to the Council, as to the present position, and the amount of certain funds, subscribed by New Granada Bondholders, at the conversion of 1860. As, by this conversion, the New Granada Government had granted to the Bondholders, in consideration of the sacrifices made by them under the new Convention, a considerable area of the

waste lands of the Republic, they were led to hope, that by the formation of a Land Company, on the basis of this grant, they might eventually be compensated for their sacrifices, and therefore voluntarily submitted to a small deduction on the face value of the new Bonds, and the accompanying Land Warrants (Hectares), which would enable them to form such a company. The Committee, appointed for this purpose, endeavoured, for several years, to carry out the intentions of the subscribers to the fund, but without making much progress.

So much of the funds in question as were unexpended by the Committee, and their other assets, were transferred to the Ecuador Land Company, on certain conditions, and what remains of them is now in the hands of the London Directors of that Company.

## URUGUAY.

Mr. Alexander McKinnon, the Commissioner in London of this republic, having arrived in England, a public meeting of Bondholders, convened by Messrs. I. Thomson, T. Bonar and Co., the agents of the loan, was held on the 9th February, 1876. The object of the meeting (as proposed by some of the Bondholders) was to appoint a committee, and to consider certain proposals, made to the Bondholders, by the Government of Uruguay through Mr. McKinnon, by which the remittances, for the service of the debt, would be reduced to £10,000 per month for the time being, such remittances to be increased progressively, as circumstances would permit. The sinking fund, which was already in default since November, 1875, to be suspended.

The Meeting, however, rejected the proposals of Mr. McKinnon.

## VENEZUELA.

### Venezuelan Committee.

Admiral of the Fleet, Sir Provo	J. Leonino, Esq.
Wallis, G.C.B., <i>Chairman</i> .	F. Obicini, Esq.
Right Hon. E. Pleydell-	Major-General J. L. Vaughan,
Bouverie, <i>Ex-officio</i> .	C.B.
E. Jeggins, Esq.	<i>Secretary.</i>
E. Jonas, Esq.	H. Schirges, Esq.

The Committee appointed by several holders of Venezuela Bonds, for the purpose of reopening the negotiations with the Government of Venezuela, has at last succeeded in concluding a Convention, which, if faithfully carried out, may eventually restore the credit of the Republic. Hitherto the remittances for the payment of the coupons under the new Convention have been punctually received, and advertised by the Committee.

## VIRGINIA.

### Virginian Committee.

Right Hon. E. Pleydell-	Morris Cantor, Esq.
Bouverie, <i>Ex-officio</i> .	E. Charlton, Esq., M.D.
F. Algar, Esq.	David Clark, Esq.
Geo. Artingstall, Esq.	Charles Clark, Esq.
Lieut.-Colonel Aytoun, R.A.	John Dabbs, Esq.
R. L. Baker, Esq.	Joseph Hankey Dobree, Esq.
Jas. B. Blarney, Esq	W. Duncan, Esq.

C. E. Flower, Esq.  
 John Ford, Esq.  
 Commissary-General R. M.  
 Gardiner.  
 R. H. Glyn, Esq.  
 E. J. Harris, Esq.  
 Arthur Horrigan, Esq.  
 E. Humphreys, Esq.  
 Henry Joachim, Esq.  
 General Sir Arnold Kemball,  
 Bart., K.C.S.I., C.B.  
 Arthur Kimber, Esq.  
 Silvester, L'Amy, Esq.  
 Robt. P. Laurie, Esq.  
 Arthur Leared, Esq., M.D.  
 G. I. Leon, Esq.

Samuel Montagu, Esq.  
 J. L. Mieville, Esq.  
 D. Oppenheimer, Esq.  
 M. J. O'Shaughnessy, Esq.  
 Geo. Penson, Esq.  
 Giuseppe A. Pugno, Esq.  
 Geo. Richardson, Esq.  
 W. R. Richardson, Esq.  
 Captain W. W. Ross.  
 Geo. T. Rait, Esq.  
 C. Satterthwaite, Esq.  
 W. Trotter, Esq.  
 Geo. Yule, Esq.

*Secretary.*

Hyde Clarke, Esq.

The Governor of Virginia, in his Message at the opening of the present Session on 6th December last, informed the General Assembly that the condition of the State Finances showed

The State Debt issued . . .	\$30,478,746
Reduced by Sinking Fund . . .	989,420
<hr/>	
State Debt due . . . . .	29,489,326
Interest in arrear . . . . .	3,510,834
<hr/>	
Total (interest-bearing and non- interest-bearing) Debt . . .	\$33,000,160
<hr/>	

The Governor alluded to the re-establishment of the credit of the Commonwealth, as an obligation on the Legislature of paramount importance to fulfil; and he deprecated any discussion of the Funding Act, which he described as

being settled finally. He stated, that no increase of general taxation was needed, to maintain the State credit, and that the revenue was sensibly and steadily increasing, while the expenditure showed a reduction.

The receipts, during the fiscal year 1875-6, exceeded those of the previous year, by \$161,549, and the expenses of Government were that year \$108,906 less than the average annual expenditure of the preceding six years; and the Governor, while recommending further retrenchment in certain ways, also indicated some new subjects for taxation.

With reference to that part of the debt apportioned to West Virginia, viz., \$15,239,370, or one-third, he affirmed that it belonged to the debt proper of that State, and for it Virginia neither acknowledged, nor would assume, any liability; and he further said, that, by the terms of the Funding Act, it is now a part of the contract with the holders of the new bonds, that Virginia is not to become liable for the one-third apportionment of the debt due by West Virginia, unless by virtue of a settlement of the question by the two States.

The Governor concluded by asking for the co-operation of the Legislature in the development of the Commonwealth, and that "all controversy over the debt shall be settled and put behind them without loss of time," as a measure of relief to the people, and of vital importance to the general welfare.

## LIBRARY AND RECORD DEPARTMENT.

The collection of documents, on Public Loans, and Companies, has gained many valuable additions.

Further contributions to the Library have been received

from Her Majesty's Secretary of State for Foreign Affairs, from the Governors General of India and Canada, the Governors of New South Wales and Victoria, the Government of the United States of North America, the Governors of Illinois, Massachusetts, and Louisiana, and from the Smithsonian Institution, from the Governments of Spain, Portugal, and Belgium, from the Association of Chambers of Commerce, and from many individual donors.

The Library contains now nearly 1,500 volumes, pamphlets, charts and maps so arranged as to make them easily accessible to the Members of the Corporation, and others, who may desire to refer to them.

This is exclusive of the records which are kept of separate loans and of drawings, amounting to many hundred volumes.

## DRAWINGS, AND DRAWN BONDS.

There have been two classes of cases, where payment of interest and principal on Foreign Bonds has been suspended:—

1. Where the Drawings have been continued ;
2. Where the Drawings have ceased ;

and the incidents respecting these cases have been varied.

### I.—WHERE DRAWINGS HAVE BEEN CONTINUED.

*Bolivian 6 per Cent. Loan of 1872.*—Here four annual drawings were effected, but only the first drawing is fully paid ; the second drawing is only paid to the extent of one-third, the others are in default.

In the advertisement of the October drawing, only the notary's name appears, although some previous announce-



ments contained more particulars. The Council have had some correspondence, on the subject, with the agents of the Loan.

*Costa Rica 6 per Cent. of 1871.*—Of the first issue eleven drawings took place, but the last five are unpaid. Of the ten drawings of the second issue, the last five are unpaid.

Of the bonds, drawn on the 2nd of October last, the numbers merely were published. No names of persons present, or other authentication, were to be found in the announcement. The Council communicated to the press the result of their correspondence, with the agents of the loan on this subject.

*Egypt 7 per Cent. of 1862.*—The 29th drawing, held on the 24th July, is unpaid, but Bonds drawn are being received for conversion, like undrawn Bonds.

*Egypt 9 per Cent. of 1867.*—The 10th drawing, payable on the 22nd November, is still outstanding. Under the new arrangement of the Debt, it may be recognised as the first drawing, payable 22nd May, 1877, at 80 per cent. instead of at par.

*Egypt 7 per Cent. of 1870.*—The 13th drawing was effected in Paris, in September, but no official notification has come under the notice of the Council.

*Turkish 6 per Cent. of 1854 and 1871.*—The drawings effected on the 26th July last were paid to the extent of one-half; bonds, so paid, were stamped accordingly, and returned.



*Turkish (Guaranteed) 4 per Cent. of 1855.*—The 18th drawing, held on the 5th May, and advertised for payment on 1st August, is still unpaid; it would appear that drawings and the payments of principal consequent thereon, are not guaranteed by England, and France.

*Turkish 6 per Cent. of 1858.*—The 17th drawing, held on the 11th December, 1875, was paid in June, 1876, to the extent of one-quarter.

*Turkish 6 per Cent. of 1860, 1862, 1863, and 1865.*—The November and December, 1875, drawings were paid one-half in cash. The 1876 drawings are wholly unpaid.

## II.—WHERE DRAWINGS HAVE CEASED.

*Costa Rica 7 per Cent. of 1872.*—The 4th and 5th drawings in March and September, 1874, are unpaid. On the 31st March, 1875, the discontinuance of the drawings was announced.

*Egypt 7 per Cent. of 1864.*—The 24th drawing, due August last, was not effected.

*Egypt 7 per Cent. of 1866.*—The 22nd drawing, due November, was also suspended.

In these two cases there is no obstacle to the resumption of the drawings, under the new arrangement of the debt, by which the 1864 Loan drawing will become payable on 1st April, 1877, and that of the 1866 Loan on the 7th July, in both cases at 80 per cent. instead of at par.

*Egypt 7 per Cent. of 1868.*—The 17th drawing, due in October, was not held.

*Egypt 7 per Cent. of 1873.*—The 6th drawing, due July, did not take place.

*Paraguay 8 per Cent. of 1871.*—There has been no drawing since the 8th quarterly drawing, effected on the 16th February, 1874, which was duly paid.

*Paraguay 8 per Cent. of 1872.*—There has been no drawing since the 5th quarterly drawing, held on the 2nd March, 1874, which was duly paid.

*Pisco and Yca Railway 5 per Cent. of 1869.*—The 9th drawing, November, 1875, is still unpaid. No drawings were held in 1876.

*Peru 5 per Cent. of 1872.*—No drawings were effected in 1876. The purchase of 6 per cent. Bonds of the 1870 Loan, out of the Special Sinking Fund, was also discontinued.

*Iquique and La Noria Railway Bonds.*—An important judgment of the Master of the Rolls, affecting the holders of drawn bonds, was delivered in last November, with reference to the above-named bonds. He is reported to have said that if the question was what were the requirements of common sense and common justice, and not what was the true construction of the trust deed, he should not hesitate to say that the holders of drawn bonds were entitled to interest up to the date of payment of the principal. It had been argued that they were so entitled, notwithstanding the provision of the trust deed to the contrary; but there was no rule of law that upon a contract for the payment of

money upon a day certain, with interest at a fixed rate down to that day, a further contract for the continuance of the same rate of interest is to be implied. No doubt, where a contract for the payment of money upon a day certain was not performed, a jury might give subsequent interest by way of damages for the breach of contract, but the amount of interest to be so given was limited to 5 per cent. by the statute, and 7 per cent. was the amount demanded here. The result was: (1) That bonds, drawn for payment, are not entitled to interest after the date fixed for their repayment, whether paid at that date or not. (2) That the drawings are to be continued. (3) That bonds drawn at an earlier date are entitled to payment in full in priority of bonds drawn at a later date; but the case coming before the Lord Justices in appeal, in February, 1877, their Lordships, with respect to the application of the funds in the hands of the trustees, in paying of the principal of the bonds drawn but unpaid, agreed that decision of the Master of the Rolls must be varied; but were divided on the question whether the bonds which have been drawn, but were unpaid at one date for want of funds, were entitled to interest from that date.

Lords Justices James and Amphlett are reported to have held that bonds which had been drawn, but remained unpaid at the proper time for the want of funds, were both *de facto* and *de jure* outstanding bonds within the meaning of clause 15, and accordingly that interest was payable, both upon the drawn (unpaid) and undrawn bonds, which for this purpose were lumped together and included in the same direction. The words at the end of clause 2, that "no interest should be payable on any drawn bond after the day fixed for its redemption," were reasonably applicable to the case of bonds drawn on some former occasion, but not presented on the day fixed for payment; in

other words, when a bond was drawn, and was in truth payable by reason of funds being provided for its payment, interest upon that bond ceased from the day fixed for payment.

Lord Justice Brett, in a long and elaborate judgment, is reported to have been of opinion, upon the construction of clauses 2 and 15 taken together, that as to bonds drawn but not paid on the day fixed for payment, no interest could be claimed after the day on which they became payable. The effect of clause 15, which did not differ in meaning from clause 2, was to direct payment of interest upon the undrawn bonds, and then with respect to the drawn but unpaid bonds, to apply the residue, not in paying interest upon them in strict sense, for that was in his view forbidden, but in redeeming them by paying off the principal.

In the result, the decision of the Master of the Rolls was varied by a declaration that the drawn (unpaid) and undrawn bonds were equally entitled to bear interest.

In some cases partial or deferred payment of Drawn Bonds has been made, with interest to the date of payment, for instance :—

*Ottoman (Smyrna to Aidin) Railway Debentures.*—Debentures drawn in January, for repayment in May, were not paid at the due date. Their repayment on October 16th, was made, with interest from May 1st to October 16th.

*Mexican Railway B Bonds.*—B Bonds drawn for repayment were not paid on June 1st. On November 30th payment of three-quarters of the principal of the drawn bonds, with six months' interest thereon, was announced.

## DRAWINGS IN DEFAULT

*On the 1st January, 1877, on the Loans (dealt in on the London Market) of the following States.*

States.	Drawings actually held, and numbers drawn published, thus rendering these bonds unmarketable.	Drawings due, but not held.	Total drawings in default.
	£	£	£
Bolivia .....	102,700	...	102,700
Costa Rica.....	89,600	60,100	149,700
Egypt (prior to 18th Nov., 1876)	324,900	673,380	998,280
Honduras .....	...	1,256,292	1,256,292
Paraguay .....	...	205,500	205,500
Peru .....	3,540	893,160	896,700
Santo Domingo...	...	81,300	81,300
Spain (National Lands Loan)...	...	123,400	123,400
Turkey .....	2,487,480	...	2,487,480
Uruguay .....	...	166,300	166,300
Total.....	£3,008,220	£3,459,432	£6,467,652

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£27,905,800

£9,388,580

## SUMMARY OF LOANS IN DEFAULT.

STATE	Principal Unredeemed.	Interest Overdue.	Total.
	£	£	£
1. ALABAMA .....	1,444,000	462,080	1,906,080
2. BOLIVIA .....	1,654,000	198,480	1,852,480
3. COSTA RICA .....	3,304,000	471,972	3,775,972
4. ECUADOR .....	1,824,000	164,160	1,988,160
5. GREECE .....	2,400,000	6,192,000	8,592,000
6. GUATEMALA .....	542,200	51,374	593,574
7. HONDURAS .....	5,398,570	2,010,619	7,409,189
8. LIBERIA .....	100,000	21,000	121,000
9. LOUISIANA .....	4,487,000	916,000	5,403,000
10. MEXICO .....	27,905,800	9,388,580	37,294,380
11. PARAGUAY .....	1,505,400	331,188	1,836,588
12. PERU .....	32,953,000	2,638,599	35,591,599
13. SANTO DOMINGO .....	714,300	192,861	907,161
14. TURKEY .....	197,390,245	11,423,593	208,813,838
15. URUGUAY .....	3,164,800	189,888	3,354,678
16. VENEZUELA .....	6,616,800	2,817,862	9,434,662
17. VIRGINIA .....	5,521,320	698,732	6,220,052
17 STATES.	£296,925,435	£38,168,988	£335,094,423



LOANS IN DEFAULT 1ST FEBRUARY, 1877.

STATES IN DEFAULT.	DEBT.	INTEREST.		
		Description.	Date of	
			Amount Unredeemed.	Amount in Default.
1 ALABAMA (a*)	8 1/2 A. & C. E. E. of 1869 8 1/2 Gold Bonds of 1870		£ 1,044,000 400,000	1 Jan., 1876 1 Jan., 1876
2 BOLIVIA	6 % of 1872		£1,444,000	£462,080
3 COSTA RICA	6 % of 1871, 1st Iss. 6 % of 1871, 2nd. Iss. (9*) 7 % of 1872		£1,654,000	£198,480
4 ECUADOR	1 % of 1855		£1,824,000	70,155 71,025 330,792
5 GREECE	5 % of 1824 Coupons of above (dealt in separately). 3 % of 1825 Coupons of above (dealt in separately).		500,000 — 1,900,000	1 Jan., 1877 1 Jan., 1877 1 Jan., 1877
6 GUATEMALA	4 % of 1856 6 % of 1869		73,600 468,000	1 Feb., 1877 1 Oct., 1876
7 HONDURAS	5 % of 1867 10 % of 1867 6 1/2 % of 1869 10 % of 1870		£512,200 78,800 900,700 2,176,570 2,242,500	1 Oct., 1876 1 Jan., 1877 1 Sept., 1876 1 Jan., 1877
8 LIBERIA	7 % of 1871		£3,398,570	£2,010,619
9 LOUISIANA (c*)	Various dates from 1863 to 1871 at 5, 6, 7 and 8 %		£100,000	1 Feb., 1877
10 MEXICO	3 % of 1851 3 % Deferred of 1851 3 % of 1864 Coupons of Deferred 6 % Anglo-French of 1864		£4,487,000	1 Jan., 1877
11 PARAGUAY (d*)	8 % of 1871 8 % of 1872		957,100 648,300	16 Dec., 1876 1 Jan., 1877
12 PERU (e*)	5 % of 1869 6 % of 1870 5 % of 1872		£1,606,400	£331,188
13 SANTO DOMINGO	6 % of 1869		£714,300	1 Jan., 1877
14 TURKEY (f*)	6 % of 1854 6 % of 1858 6 % of 1860 6 % of 1862 6 % of 1863 6 % of 1865 5 % of 1865/74 6 % of 1869 3 % of 1870 6 % of 1871 9 % of 1872 6 % of 1873		1,248,400 3,690,525 1,661,960 4,999,400 5,164,650 4,098,500 84,535,090 20,690,000 31,498,400 6,414,680 6,631,900 27,196,740	1 Jan., 1877 1 Jan., 1877 1 Jan., 1877 1 Jan., 1877 1 Jan., 1877 1 Jan., 1877 1 Jan., 1877 1 Jan., 1877 1 Jan., 1877 1 Jan., 1877 1 Jan., 1877 1 Jan., 1877
15 URUGUAY	6 % of 1871		£3,164,800	£189,888
16 VENEZUELA (g*)	3 % of 1859 1 1/2 % of 1859 6 % of 1862 6 % Coupon Stock 6 % of 1864		2,809,100 1,388,800 917,900 214,000 1,287,000	1 Jan., 1877 1 Jan., 1877 1 Jan., 1877 1 Jan., 1877 1 Jan., 1877
17 VIRGINIA (h*)	5 % Sterling 6 % \$ "Peelers" 6 % \$ "Old" Deferred West Va.		£6,616,800	£2,817,862
			608,820 546,150 1,418,480 3,047,870	1 Jan., 1877 1 Jan., 1877 1 Jan., 1877 1 Jan., 1877
			£5,521,320	£698,732

NOTES.—(a) An arrangement for these two Loans is in progress. The General Debt has been funded at a reduced rate of interest; the overdue Coupons thereon have been confiscated.

(b) This includes Bonds pledged for Advances.

(c) Under the Funding Act of January, 1874, the various Bonds are forcibly converted—into new 7 % Bonds—at 60 % of their face value. At the close of 1876, an amount of £3,102,300 of above Debt was so converted into £1,861,380 new Bonds. The Council have issued Certificates of Claim for the 40 % of Principal lost in the Conversion of £359,280 of old Bonds.

(d) The arrangement of March, 1876, has not yet been carried into effect.

(e) The arrangement of June, 1876, has not yet been acquiesced in.

(f) The Interest of the 4 % Loan of 1855 (guaranteed) is duly paid.

(g) Under temporary arrangement.

(h) This includes all unconverted Bonds and Bonds destroyed during the war. The 6 % "funded" Debt of 1871 amounted on the 30th Sept., 1876, to £4,047,403, the Coupons of which are receivable for Taxes, and therefore not in default.

SUMMARY OF LOANS IN DEFAULT.

STATE	Principal Unredeemed.	Interest Overdue.	Total.
1. ALABAMA	£ 1,444,000	£ 462,080	£ 1,906,080
2. BOLIVIA	1,444,000	182,480	1,626,480
3. COSTA RICA	1,654,000	471,922	2,125,922
4. ECUADOR	1,824,000	184,650	2,008,650
5. GREECE	2,100,000	6,192,000	8,292,000
6. GUATEMALA	742,200	513,374	1,255,574
7. HONDURAS	5,398,570	2,010,619	7,409,189
8. LIBERIA	1,000,000	21,000	1,021,000
9. LOUISIANA	448,700	916,000	1,364,700
10. MEXICO	27,903,800	9,388,580	37,292,380
11. PARAGUAY	1,305,400	331,188	1,636,588
12. PERU	32,053,000	2,638,599	34,691,599
13. SANTO DOMINGO	714,300	192,861	907,161
14. TURKEY	197,390,245	11,423,593	208,813,838
15. URUGUAY	3,164,800	189,888	3,354,688
16. VENEZUELA	6,616,800	2,817,862	9,434,662
17. VIRGINIA	5,521,320	698,732	6,220,052
17 STATES.	£296,025,435	£38,168,958	£335,094,393



FIFTH ANNUAL GENERAL REPORT  
OF THE COUNCIL  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS,

*Incorporated on the First of August, 1873,  
by Licence of the Board of Trade.*

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F O R T H E Y E A R 1 8 7 7.

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LONDON:  
COUNCILHOUSE, No. 17, MOORGATE STREET.  
FEBRUARY, 1878.



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FOR THE YEAR 1877.

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LONDON:  
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FEBRUARY, 1878.



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## MEMBERS OF THE COUNCIL.

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RIGHT HON. EDWARD PLEYDELL-BOUVERIE, *Chairman.*

THOMAS MATTHIAS WEGUELIN, ESQ., M.P., } *Deputy*  
SIR JOHN LUBBOCK, BART., M.P., F.R.S., } *Chairmen.*

GENERAL SIR GEORGE BALFOUR,  
K.C.B., M.P.

RIGHT HON. G. A. F. CAVENDISH  
BENTINCK, M.P.

FRANCIS BENNOCH, ESQ.

LIONEL N. BONAR, ESQ.

JOHN HENRY DANIELL, ESQ.

ROGER EYKYN, ESQ.

THE RIGHT HON. LORD KINNAIRD.

RIGHT HON. THE EARL OF LEVEN  
AND MELVILLE.

SIR FRANCIS LYCETT.

CHARLES MAGNIAC, ESQ.

RICHARD BIDDULPH MARTIN, ESQ.

HON. HUGH McCULLOCH.

SAMUEL MONTAGU, ESQ.

SIR JOHN ROSE, BART., K.C.M.G.

SIR PHILIP ROSE, BART.

CORNELIUS SURGEY, ESQ.

GEORGE CAVENDISH TAYLOR, ESQ.

WILLIAM TROTTER, ESQ.

HENRY TUDOR, ESQ.

SIR HENRY W. TYLER.

LT.-GENERAL J. L. VAUGHAN, C.B.

ADMIRAL OF THE FLEET SIR PROVO

WALLIS, G.C.B.

### Secretary.

HYDE CLARKE, ESQ.

### Standing Counsel and Draftsman.

T. W. SNAGGE, ESQ.

### Solicitors.

MESSRS. J. TRAVERS SMITH AND BRAITHWAITE.

MESSRS. NORTON, ROSE, NORTON AND BREWER.

### Notary.

WILLIAM GRAIN, ESQ.

### Auditors.

MESSRS. COOPER, WINTLE AND CO.

### Bankers.

MESSRS. ROBARTS, LUBBOCK AND CO.

FIFTH REPORT  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

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REPORT OF THE COUNCIL

FOR THE YEAR 1877.

THE exertions of the Council have been steadily devoted, during the past year, to endeavouring to fulfil the intention, with which the Corporation was established, by assisting the creditors of Foreign States, in the protection and recovery of their property, and by acting as their mandatory, and representative, when called upon to do so.

In pursuance of this object, the intervention of the Council has been sought, and freely rendered, in a great number of instances, to English Bondholders; and the Council have been always ready to place their information and the labours of their staff, at the disposal of those interested in Foreign Debts.

The larger number of the existing representative Committees of the Bondholders of defaulting States now hold their meetings, and are domiciled, in the office of the



Council. The greater economy, efficiency, accuracy, and rapidity of action, which are obtained, by this centralised system, have proved of the highest advantage.

It cannot be too generally known, that such an organisation exists, and that the Corporation was not originally established, nor has it since been maintained, as a commercial adventure for the purpose of pecuniary profit. It is obvious that funds must be provided to maintain the necessary establishment, to pay rent and charges, and to defray the outlay requisite for telegrams, printing, advertising, legal and other incidental expenses in connection with the business entrusted to the Corporation. But in this respect the purpose of those, who founded it, is still pursued, that whatever remuneration is obtained for the services of the Corporation, should only be appropriated, first to the maintenance of the establishment, and next, to the repayment of those advances, which enabled it to commence its operations, and which, it is hoped, will be gradually cleared off.

These operations contemplate a very extensive field. In their last year's Report, the Council gave a synoptical table of the loans of Foreign States in default, large in number, enormous in amount. They have now compiled a table which they think will be of considerable value, showing the original dates, the amounts, and other particulars, of all the Foreign State Loans which have been issued in London since 1821. *Vide* Appendix.

The Appendix also contains, in conformity with previous practice, a brief summary of what has been done with reference to various loans, as to which some progress may be considered as having been made, towards a solution of the difficulties respecting the punctual payment of their interest.

The balance-sheet accompanies the Report. The Council, looking at the financial position thus disclosed, propose to

have a drawing of ten of the Certificates of the Corporation, the holders of which will be repaid their amount, with interest, in accordance with the Memorandum of Association.

The arrangement, which Mr. Goschen made, during the autumn of 1876, for an adjustment of the Egyptian loans, was not carried into effect until the following spring ; while the settlement of the Daira debt of the Khedive was, at that time unavoidably left for further negotiation, and more complete enquiry. Although it was by the action of the Council that negotiations for a settlement were initiated, they had no part in the final arrangement, which was accepted by the Bondholders as satisfactory ; they would, however, observe that a great and wholly unexpected strain has been put both upon it, and upon the resources of Egypt, by a combination of political and natural events, and that it is not fair to judge of the soundness of that arrangement, merely by the light, and under the influence of these events, which must be of a temporary character and operation. A mission of Enquiry, supplementary to that which Mr. Goschen had so successfully undertaken, was proposed by him ; and the aid of the Council was invoked, and granted, to meet the considerable expenditure this mission involved, on behalf of the English Bondholders of the Daira. Without this advance, and others requisite to be made as preliminary to the arrangement of the Daira Debt, and its acceptance by the creditors, (advances, which no individual was disposed, or in the least likely to make,) it would have been almost hopeless to expect any arrangement whatever to have been effected.

This instance shows conclusively the advantage, to that large part of the public interested in Foreign Loans, which is derived from the existence of the Corporation, and from the assistance it gives, in a way in which no private person can give, at moments, critical to the solvency of a State.

The Turkish loans, borrowed on the security of the Tribute

paid to the Porte by Egypt, occupied a peculiar and exceptional position, in the general mass of Turkish indebtedness. When the interest, on the Turkish debt generally, ceased to be paid, a moiety of the interest and drawn bonds, of these loans of 1854 and 1871, was still continued to be paid to the Bondholders, and the other moiety was retained in the Bank of England, which required the sanction of the Turkish Ambassador, as a condition precedent, to its being paid to the holders of coupons, and drawn bonds. The whole annual amount, charged on the Tribute, to meet these loans was still paid into the Bank.

Application was made to the Council, on the part of the Porte, to bring about an arrangement, between the Bondholders of these two loans, and itself; the co-operation of the Agents of these loans was sought, and obtained; and the Chairman of the Council and Mr. Palmer were able, after long and delicate negotiations, to conclude arrangements for the future in respect of them, which were publicly accepted by the Bondholders of each loan, and which released the accumulated funds in the Bank, and placed the future payment of the interest of the loans in a position, independent of the sanction of the Turkish Ambassador. In this case, again, advances were made, and preliminary steps were taken, which could scarcely have been expected from other quarters, but which were necessary to the accomplishment of the object so important to the interests of the Bondholders.

The Council have had to give their attention, very constantly, to various of the Republican States in South and Central America, whose external debts have been in default; Peru, Paraguay, Bolivia, Costa Rica, and Guatemala, are included among them.

While the Council regret that, with regard to some of these States, there seems little ground for hoping that they will, at an early date, resume the payment of their engagements to

their foreign creditors ; yet they are glad to notice, the great and successful efforts, which have been made by the Government of Colombia, after undergoing a disastrous time of civil war, to re-commence payment of interest on their debt.

The Council owe their acknowledgments to the Foreign Office, and several of the diplomatic representatives of Her Majesty's Government abroad, for the unofficial but cordial assistance to the Corporation, which has been given by them on many occasions, and also for much valuable information, on various matters connected with their operations, on behalf of the Bondholders.

An Institution, which aims at exercising an important public function, for the benefit of all who are concerned in the bonds of Foreign States, if it is at all successful, may fairly urge a claim upon the Public, for encouragement, and support.

The Council, in submitting this Report, feel justified in believing, that, during the past year, they have laboured, with a considerable share of success, for the accomplishment of some of the chief objects, for which the Corporation was founded ; and they venture to hope, that the progress which has been made, towards establishing a position of acknowledged utility, may be considered an earnest of future, and further success.

They are confident, that those who are most familiar with their work will most readily recognise its value, and that as their influence for good becomes more widely known, so their power efficiently to maintain the principles of financial good faith, and to protect English creditors, will be increased.

Messrs. Cooper, Wintle and Co., the retiring Auditors, offer themselves for re-election.

E P. BOUVERIE, *Chairman.*  
HYDE CLARKE, *Secretary.*

*February 15, 1878.*

## APPENDIX TO REPORT.

## ALABAMA.

*Alabama and Chattanooga Railroad First Mortgage  
Endorsed Bonds of 1869.*

When, in July, 1876, upon the resignation of the Committee, the Council resumed the conduct of the negotiations with reference to the above Bonds, the general conditions of the proposed compromise with the State of Alabama were already known, and it was evident that no better terms could be obtained. The efforts of the Council were therefore directed to securing for the Bondholders, if possible, a participation in the railroad property, and thus supplementing the small share of the Million Dollars in New State Bonds to which each holder of Endorsed Bonds became entitled. The Bondholders having failed to contribute the amount, required by the United States Circuit Court as a condition of their purchase of the road, and all efforts to effect a compromise with the prior encumbrances having proved ineffectual, the Court ordered the railroad and property to be put up again for sale to the highest bidder. In this crisis of affairs, Messrs. E. Erlanger and Co., who were themselves holders of a considerable number of the Bonds, represented by the Council, became the purchasers under the re-sale, and intimated to the Council that they were desirous of affording to the Bondholders an option of sharing in the benefit of the enterprise. An English

Company (Limited) was thereupon formed to take over and carry out the purchase, and the terms of a provisional Agreement, of which the following is an extract, have been confirmed and adopted by the Company :—

“ Each Bondholder who has subscribed or shall, on or before the 22nd day of September, 1877, signify in writing, addressed to the Vendors,\* in a form prescribed, his desire to subscribe for not less than two A Shares in the Company, shall be and is hereby nominated by the Vendors as an allottee of fully paid up B Shares in the proportion of £200 of B shares for every £20 of A Shares subscribed for by such Bondholder. Each Bondholder shall be entitled in the first instance to subscribe for, and be allotted A Shares in the proportion of 10 per cent. upon the nominal value of the bonds held by him. But in case any A Share shall remain unallotted the same may be allotted with the due proportion of fully paid up B Shares to any Bondholder who shall have applied for the same, in the manner and within the time hereinbefore prescribed.”

The conditions of this option were duly communicated through the Council to the Bondholders whom they represented, and the Council learn that the Bondholders have largely availed themselves of the option thus secured to them.

Meanwhile, the exchange and conversion of the Endorsed Bonds in the United States is being effected, through agents specially appointed. Some difficulty and delay have occurred in consequence of the narrow construction applied by the Governor of Alabama to the terms of the Statute authorising the issue of new State Bonds, but it is hoped that during the ensuing Session of the Alabama Legislature they will be obviated. Due notice will be given of the completion of the exchange, and conversion.

\* Messrs. E. Erlanger and Co.

## BOLIVIA.

## Committee of Bolivian Bondholders.

A. W. Ray, Esq., *Chairman*.  
 Thos. Cave, Esq., M.P., *Deputy*  
*Chairman*.  
 Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 H. C. Batchelor, Esq.  
 Fras. Bennoch, Esq.  
 A. Blackborne, Esq.  
 Lionel N. Bonar, Esq.

John Coxhead, Esq.  
 R. Reader Harris, Esq.  
 H. E. Ormerod, Esq.  
 H. E. Trewhella, Esq., M.D.

*Secretary.*

Hyde Clarke, Esq.

The Committee associated with the Council, having in view the Resolution of the Public Meeting of Bondholders held on the 24th May, 1876, requesting them "to support the Government of Bolivia in obtaining the funds in Court," accepted a proposal made to them, by Mr. Richard Reader Harris, the Engineer-in-Chief of the Republic, who was about to return to La Paz, to act on behalf of the Bondholders, and they entrusted him with powers to obtain from the Government the ratification of the arrangement made with Señor Quijarro in 1876, for the release of the Trust Fund in the Bank of England for the benefit of the Bondholders.

Mr. Harris arrived in Bolivia in March, and again reached England in May, not with the contemplated ratification, but with a new proposition from the Government, subject to approval by the Bondholders and the Bolivian Congress, for the transference to the Bondholders of all the rights and powers of Bolivia in respect of the Trust Fund, in consideration of the release of the Republic from the obligation of the Bonds.

The form in which this proposition was presented was not in all respects consistent with the requisites of English



law, and some important amendments were suggested, before submitting it for the consideration of the Bondholders, who were convened in public meeting by the Council on the 25th May, and again on the 13th June.

These meetings approved of the proposition as thus amended, and Mr. Reader Harris was again charged with a mission to obtain its ratification, as a Convention, by the Congress, which was to meet in Triennial Session at Sucre on the 15th November.

It is necessary to refer to the action of the Brazilian Senate on the 22nd September, towards the close of its last Session.

Probably misinformed as to the true position of the Trust Fund, the Senate passed a Bill guaranteeing 7 per cent. interest on a sum of £400,000 to be raised for the completion of the Madeira and Mamoré Railway. after the expenditure of the amount, contributed for that purpose by the Bondholders, and now held in deposit by the Bank of England.

A statement also recently appeared in some of the public papers, to the effect that a new contract had been entered into in the United States for the construction of the line ; but it is not stated on what estimates this contract has been based.

Mr. Reader Harris returned to England on the 13th of January last, with a ratification by Congress of the Convention taken by him to Bolivia in the month of July previous.

A General Meeting of Bondholders was held on the 22nd of January, at the City Terminus Hotel, Cannon Street, at which it was resolved to deposit the Bonds in the hands of Trustees, and to make a charge thereon of half per cent. on the nominal value, to meet the expenses entailed by the law proceedings then authorised to be taken, in order to obtain the release of the funds of the Loan held by the Bank of England, now amounting to £743,593.



## COSTA RICA.

## Seven per Cent. Costa Rica Committee.

A. G. Sandeman, Esq., *Chairman*.

Francis Bennoch, Esq.

E. Lennox Boyd, Esq.,  
F.R.G.S., F.S.A.

T. Cave, Esq., M.P.

James Cooper, Esq.

W. Detmar, Esq.

T. Dowling, Esq.

W. E. Duncan, Esq.

Roger Eykyn, Esq.

W. Godfrey, Esq.

R. Grant, Esq.

G. de G. Griffith, Esq., M.D.

Wm. Griffith, Esq.

G. D. Harris, Esq.

L. Harrison, Esq.

W. J. Harvey, Esq.

J. Cooke Harker, Esq.

T. P. Hearne, Esq.

George Herring, Esq.

T. Hobday, Esq.

G. A. King, Esq.

J. M. Louis, Esq.

J. F. Lovering, Esq.

Captain R. Murray.

H. Price, Esq.

A. W. Ray, Esq.

E. P. Rowsell, Esq.

Thomas Sidney, Esq., *Alderman*

H. Skynner, Esq.

E. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.

## Seven per Cent. Costa Rica Commission.

Francis Bennoch, Esq.

T. Cave, Esq., M.P.

Roger Eykyn, Esq.

W. Griffith, Esq.

W. Knowles, Esq.

*Secretary.*

Hyde Clarke, Esq.

## Six per Cent. Costa Rica Committee.

B. Rowsell, Esq., *Chairman*.

G. T. Rait, Esq., *Deputy  
Chairman*.

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio*.

E. Campion, Esq.

J. Cowan, Esq.

J. Davis, Esq.

H. M. Jenkins, Esq.

N. Levy, Esq.

F. Mercier, Esq.

J. Proctor, Esq.

H. Staples, Esq.

*Secretary.*

Hyde Clarke, Esq.

## Joint Sub-Committee of Conference.

A. G. Sandeman, Esq., *Chairman.*Right Hon. E. Pleydell-Bouverie, *Ex-officio.*

F. Bennoch, Esq.

T. Cave, Esq., M.P.

L. Harrison, Esq.

G. T. Rait, Esq.

B. Rowsell, Esq.

H. Staples, Esq.

E. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.

The Council, acting in conjunction with the Committees of the two Loans, have always been anxious to consider, and assist, any project, which might contribute to improve the position of the Bondholders; they therefore gladly received a communication from Mr. F. G. Horne, a merchant of London and Costa Rica, that Señor Don Saturnino Lizano, a distinguished citizen of the Republic, had arrived in England, with authority to make certain proposals, with the view of effecting a settlement of the Bondholders' claims.

Señor Lizano submitted a scheme, on the part of the Government accrediting him, by which, that portion of the railway in Costa Rica, which had been already constructed from Puerto Limon, Westward, and Punta Arenas, Eastward, should be transferred, together with an annual subsidy from the Government, for a term of years, to the Bondholders, for the service of the Loans, in consideration of funds being found by them, or under the auspices of their Committees, to complete the line.

The portions of the railway, already made, amount to forty-nine miles, and there remain to be constructed about sixty-five miles of the Atlantic connection, and fifty-five miles of the Pacific connection.

The completion of the railway would, doubtless, materially contribute to the increase of the resources, wealth, and revenue of the Republic.

But the information, which accompanied the proposition made by Señor Lizano was incomplete, in the essential matters of plans and estimates for the construction of the connecting portions of the railway, and of the condition of the completed parts upon which there is traffic.

The two Committees which, at a conference, had appointed a Joint Sub-Committee to consider the project on behalf of the contributors to the two Loans came unwillingly to a decision to decline, to recommend the Bondholders to accept the proposal as at present made by Señor Lizano. That gentleman has very recently communicated to the Council, that he has applied to his Government for more specific instructions with which to negotiate for a continuance and transfer of the suits in the name of the Republic now pending in this country, and it is hoped that some mode of effecting a settlement of the Debt may yet be suggested. The united action of the two Committees of the two Loans, which has resulted from the recent negotiations, cannot fail to be of benefit in the event of future proposals being made to the Bondholders.

The country continues in a very unsettled state, and the small sums occasionally expended on the railway already constructed appear scarcely to suffice to maintain it in a proper working condition.

Whenever a legitimate opportunity offers for the promotion of any practicable measure to assist the Republic and the Bondholders, the Committees and the Council will not fail to avail themselves of it.

## ECUADOR.

## Ecuadorian Committee.

J. Field, Esq., *Chairman*.  
 Rt. Hon. E. Pleydell-Bouverie,  
*Ex-officio*.  
 F. Bennoch, Esq.  
 L. N. Bonar, Esq.  
 E. Haslewood, Esq.  
 W. T. F. M. Ingall, Esq.  
 A. Levy, Esq.

F. C. Pawle, Esq.  
 Admiral of the Fleet Sir  
 Provo Wallis, G.C.B.  
 Ed. Wright, Esq.  
  
*Secretary*.  
 H. Schirges, Esq.

One of the members of the Committee, Mr. Haslewood, who had undertaken the mission to Ecuador for the purpose of making some satisfactory arrangement of the Foreign Debt of Ecuador, arrived at the port of Guayaquil in December, 1876.

He found the Republic in the midst of a recent revolution, and before proceeding to Quito he had to wait for the result of a short but sanguinary civil war, by which the President, Dr. Antonio Borrero, was compelled to resign his office, and the commander of the victorious army, General Ventimilla, became the virtual President of the Republic. The preliminary conference which Mr. Haslewood, in conjunction with His Excellency, Mr. Douglas-Hamilton, Her Britannic Majesty's Minister in Ecuador, held with General Ventimilla, confirmed the expectation under which Mr. Haslewood had been sent, since General Ventimilla expressed the unaltered desire of the country to make an equitable arrangement with its creditors, although the unsettled state of the Republic would not allow him to give

his immediate attention to the terms of arrangement suggested by the Committee. Mr. Haslewood has returned, and, meanwhile, Mr. Alfred L. Jones has been appointed the permanent agent of the Bondholders at Quito, where he will have the advantage of the unofficial co-operation of Her Majesty's Minister whenever actual negotiations may become possible. The Committee have further secured the assistance of Captain George Chambers, Her Majesty's Consul at Guayaquil, and Mr. Manuel Orrantia, of the same place, for the promotion of the interests of the Bondholders.

The Committee by these appointments hope they have provided for the frequent transmission of reliable information on the political state of the country, of which they will thus be able to avail themselves when a favourable opportunity offers for pressing an arrangement to a conclusion.

### EGYPT.

The decree of 18th November, 1876, issued by the Khedive as the embodiment of the arrangement made by the Right Hon. G. J. Goschen and Monsieur Edmond Joubert, has been adhered to in so far as relates to the Short Loans of 1864, 1865-6 and 1867, and to the Five per Cent. Preference Stock; but it has been found necessary to change the dates of payment of the interest of the Unified Debt, to periods concurrent with the collection of taxes, namely, from 15th January and 15th July, to 1st May, and 1st November, of each year, as published in the Decree of the Khedive, of the 15th December last.

The statements of receipts on account of the Debt have been furnished to the Council, by the Commissioners of the Treasury of the Public Debt, at Cairo, with a view to their monthly publication in the leading London newspapers.

The following Tables show the Receipts during the past year :—

# RECEIPTS ON ACCOUNT OF THE UNIFIED DEBT FOR THE YEAR 1877.

10 to 31 January.	1 to 28 February.	1 to 31 March.	1 to 30 April.	1 to 31 May.	1 to 30 June.	1 to 11 July.
Piastres. Tariff. 16,364,166 3 say £167,837 12 0	P. T. 9,425,876 16 say £96,675 13 0	P. T. 12,571,233 11 say £128,935 14 6	P. T. 11,909,442 24 say £122,148 2 6 *Less— P. T. 9,688,770 0 say £99,372 0 0	P. T. 24,813,829 23 say £254,500 16 3	P. T. 86,857,193 10 say £890,843 0 0	P. T. 50,013,390 27 say £512,957 17 0

\* This deduction was made to complete the sum necessary for the service of the Preference Stock due 15 April.

11 to 31 July.	1 to 31 August.	1 to 30 September.	1 to 31 October.	1 to 30 November.	1 to 31 December.
Piastres. Tariff. 7,284,363 27 say £74,711 8 6	P. T. 8,353,395 29 say £85,675 17 0	P. T. 8,298,473 39 say £85,112 11 3	P. T. 11,531,569 38 say £118,272 10 3 †Less— P. T. 16,417,206 0 say £168,381 12 0	P. T. 28,149,843 32 say £288,716 7 0	P. T. 40,353,067 20 say £413,877 12 3 plus P. T. +26,667,557 25 say £273,513 8 3

† This deduction was made to complete the sum necessary for the service of the Preference Stock due 15 October.

‡ This sum was deducted from the product of the Moukabala to complete the sum necessary for the payment of the intercalary interest.

RECEIPTS ON ACCOUNT OF THE LOANS OF 1864, 1865-6 AND 1867, FOR THE YEAR 1877.

1 to 31 January.	1 to 28 February.	1 to 31 March.	1 to 30 April.	1 to 31 May.	1 to 30 June.
Piastres. Tariff. 20,551 13	P. T. 22,567,003 0	P. T. 7,124,255 10	P. T. 16,796,040 34	P. T. 7,485,330 21	P. T. 9,824,124 15
say	say	say	say	say	say
£210 15 9	£231,456 8 9	£73,069 5 9	£172,267 1 9	£76,772 12 6	£100,760 5 0

1 to 31 July.	1 to 31 August.	1 to 30 September.	1 to 31 October.	1 to 30 November.	1 to 31 December.
Piastres. Tariff. 1,768,447 2	P. T. 7,882,650 29	P. T. 12,670,711 21	P. T. 4,734,634 15	P. T. 20,275,107 37	P. T. 19,243,628 7
say	say	say	say	say	say
£18,137 18 6	£80,847 14 0	£129,956 0 0	£48,560 7 0	£207,949 16 6	£197,370 10 9

# RECEIPTS ON ACCOUNT OF THE FIVE PER CENT. PREFERENCE STOCK (RAILWAYS) FOR THE YEAR 1877.

To 31 January.	1 to 28 February.	1 to 31 March.	1 to 14 April.	15 to 30 April.	1 to 31 May.	1 to 30 June.
Piastres. Tariff. 22,766,250 0 say	P. T. 2,925,000 0 say	P. T. 5,362,500 0 say	P. T. 2,437,500 0 say	P. T. 1,462,500 0 say	P. T. 3,412,500 0 say	P. T. 3,549,819 38 say
£233,500 0 0	£30,000 0 0	£55,000 0 0	£25,000 0 0 plus P. T. * 9,688,770 0 say £99,372 0 0	£15,000 0 0	£35,000 0 0	£36,408 8 0

\* This sum was deducted from the Receipts of the Unified Debt to complete the sum necessary for the half-yearly service due 15 April.

1 to 31 July.	1 to 31 August.	1 to 30 September.	1 to 14 October.	15 to 31 October.	1 to 30 November.	1 to 31 December.
Piastres. Tariff. 2,096,250 0 say	P. T. 7,751,250 0 say	P. T. 5,419,245 0 say	P. T. 3,071,250 0 say	P. T. 2,925,000 0 say	P. T. 8,775,000 0 say	P. T. 7,507,500 0 say
£21,500 0 0	£79,500 0 0	£55,582 0 0	£31,500 0 0 plus P. T. † 16,417,206 0 say £168,381 12 0	£30,000 0 0	£90,000 0 0	£77,000 0 0

† This sum was deducted from the Receipts of the Unified Debt to complete the sum necessary for the half-yearly service due 15th October.



## DAIRA DEBT.

In the course of his negotiations, Mr. Goschen considered it desirable that the circumstances of the Daira branch of the Debt of Egypt should be investigated on the spot, and accordingly Mr. T. C. Sandars proceeded to Egypt, at the request of Mr. Goschen (and accompanied by Monsieur Jozon (representing the French Bondholders), to examine the value of the estates, the legal position of the various creditors of the Daira amongst themselves, and the best means of carrying out an arrangement for the settlement of the Debt.

The Council facilitated this mission by advancing the necessary expenses connected with the journey of Mr. Sandars, and, on its conclusion, they published his able report on the Estates of the Daira Sanieh and Daira Khassa.

At a General Meeting of Bondholders, held on 3rd May, presided over by the Chairman of the Council, Mr. Goschen made a statement which, together with the Contract, dated 12th July last, entered into with the Director-General of the Daira, were printed and circulated by the Council, and the arrangement came into operation from 28th August, 1877.

## GUATEMALA.

## Guatemala 1869 Committee.

General Sir George Balfour,  
K.C.B., M.P., *Chairman*.  
Right Hon. E. Pleydell-  
Bouverie, *Ex-officio*.

H. F. Bailey, Esq.  
Dr. Behrend.  
Robert Bowden, Esq.  
James Roberts Brown, Esq.

James Charles, Esq.  
 Robert Fisher, Esq.  
 Sir F. Lycett.  
 George Cavendish Taylor, Esq.  
 S. W. Willet, Esq.  
 Morgan Yeatman, Esq.  
 Brodie de Zulueta, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Agents for Arrear Certificates.*

Messrs. I. Thomson, T. Bonar,  
 and Co.

*Agent.*

Sir Henry Scholfield, H.B.M.  
 Consul, Guatemala.

The agreement made in May, 1876, with the Government of Guatemala, by Sir Henry Scholfield, Her Majesty's Chargé d'Affaires, the agent of the Bondholders, by which the Coupons due in October, 1875, and April, 1876, were to be met by the creation of two Treasury Bonds of \$69,674 16c. each, bearing interest at Six per Cent., the one payable in October, 1876, and the other in April, 1877, to be liquidated by the proceeds of the unencumbered part of the maritime duties, has been but partially fulfilled, the payments on this account having amounted to \$60,000 only.

Neither has the undertaking entered into by the Government, to make stated monthly payments for the service of the Debt from October, 1876, been carried out.

Three payments of \$10,000 each were made in November and December, 1876, and January, 1877, and one of \$15,000 was made in April, 1877, but since that date no money has been received on this account from the Guatemalan Treasury.

In May, the Government informed Sir Henry Scholfield that they were not then in a position to make further payments, but that in November a sum of \$100,000 would be appropriated for the service of the Debt from an increased export tax on coffee.

The Committee of Guatemala Bondholders associated with

the Council, were of opinion that a payment should be made from the funds in hand on account of one of the overdue coupons, which were the subject of the agreement of May, 1876; and accordingly on the 27th of September, Messrs. I. Thomson, T. Bonar, and Co., the agents for the arrear certificates, paid £2 on account of the first arrear coupon, due 1st October, 1875, stamping the coupon with that amount paid on account.

The last advices from Sir Henry Scholfield, under date 20th December, convey the information that he had provisionally agreed to the following proposals for the future service of the Loan, namely, to cancel the Second Bond under the Agreement of May, 1876, to leave the Sinking Fund in abeyance, and to commence on the 31st December to pay interest on the present indebtedness, at the rate of 6 per cent. per annum, by carrying out the engagement which had previously been made to assign a portion of the coffee dues to that service. He also stated that a very uneasy feeling prevailed in the country in consequence of a conspiracy to assassinate the President and his Ministers, which, though summarily suppressed, had detrimentally affected the Republic.

On the other hand, by recent newspaper intelligence from Guatemala, it would appear that the resources of the country are being developed under the vigorous rule of President Barrios.

A contract has been entered into for establishing a submarine cable between Livingstone, in Guatemala, and Cape San Antonio, in Cuba, to connect the Republic with the telegraphic system of the United States and Europe, and another contract has been made to construct a railway from the port of San José to Escuintla, a distance of twenty-nine miles inland. The issue of paper money, which had reached the sum of \$1,400,000 had been reduced to about a tenth of that amount.

All branches of agriculture, especially of coffee, have been extended, and the prosperity of the country is reported to be materially increasing.

The obligations, of all kinds, of the Republic, have been stated by authority to be 5,000,000 dols., a sum which does not appear to be beyond the capacity of its resources to redeem.

## HONDURAS.

There has been no effort made by Honduras to re-establish its credit. The interest on the small quota of the Central American Debt apportioned to this State remains in default as well as that of the Loans contracted more recently.

## LIBERIA.

The Council were unable to make the representations they intended on behalf and at the request of the Bondholders of the Seven per Cent. Loan of 1871, to His Excellency Mr. E. W. Blyden, who had arrived in England as Minister from Liberia, in consequence of his unexpected departure for Monrovia.

It is understood that he will shortly return to this country, and the opportunity will be then taken to bring forward the long-standing claims of the creditors of the Republic.

## LOUISIANA.

## Louisiana Committee.

Henry Rawson, Esq., *Chairman*.  
 Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 General Sir George Balfour,  
 K.C.B., M.P.  
 J. A. Hankey, Esq.  
 Fortescue Harrison, Esq., M.P.  
 G. I. Leon, Esq.

Francis Bennoch, Esq.  
 Morris Cantor, Esq.  
 Louis Floersheim, Esq.  
 Robert Monckton, Esq.  
 J. Hume Webster, Esq.

*Secretary.*

Hyde Clarke, Esq.

The amount of Bonds converted under the Funding Act of 1874 is \$18,702,791.

The Council have, up to the present time, issued to Bondholders 3,199 Certificates of Claims against the State of Louisiana, amounting to \$2,305,400, representing the loss of principal in the Conversion of \$922,160 old Bonds.

The interest on the new Bonds was promptly paid in January and July, 1877, but no provision has been made by the Legislature for the payment of the three overdue Coupons, viz., July, 1874, July, 1875, and July, 1876.

These overdue Coupons can only be paid, on the supposition that the taxes in arrear at a time corresponding to the date of the overdue Coupons, will be paid into the Treasury.

There is little hope that they will ever be met, for in many cases the taxes were paid, but unfortunately the proceeds were appropriated by the tax-gatherers during the period of political disturbance in 1875 and 1876.

Moreover, an Act was passed during the last Session of the Legislature, to the effect, that, the proceeds of any current taxes, or any future surplus of revenue,

were not to be applied to the payment of these arrear Coupons.

With reference to Louisiana Planters' Bank Bonds, the Trustees appointed by the United States Circuit Court requested—by advertisement in the American newspapers, in July last—that parties holding the above-mentioned Bonds should forward them to No. 66, Toulouse Street, New Orleans, with particulars of their claims, accompanied by legal proof thereof, in order that they might be placed upon the schedule of liabilities to be presented to the Court.

The following is a Summary of the Bonded and Floating Debt of the State of Louisiana, on the 1st October, 1877 :—

New Consolidated Seven per Cent. Bonds					
outstanding	...	...	...	...	\$11,221,675
Old Bonds (fundable) outstanding, \$880,800,					
at Sixty per Cent.	...	...	...	...	528,480
General Fund Warrants outstanding,					
\$188,721, at Sixty per Cent.	...	...	...	...	113,233
					<hr/>
					\$11,863,388
					<hr/>
Amount of Old Bonds (not fundable) out-					
standing...	...	...	...	...	\$3,971,000
					<hr/>

## MEXICO.

H. B. Sheridan, Esq., M.P.,  
*Chairman.*

F. Bennoch, Esq., *Vice-*  
*Chairman.*

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio.*

L. N. Bonar, Esq.

H. Guedalla, Esq.

James Corbet Irving, Esq.

Admiral of the Fleet Sir  
Provo Wallis, G.C.B.  
Edward Wright, Esq.

*Secretary.*

W. W. Holmes, Esq.

*Agent in Mexico.*

E. J. Perry, Esq.

The efforts to obtain a settlement of the Bondholders' claims, which the overthrow of Señor Lerdo de Tejada's Government temporarily arrested, were resumed so soon as the administration of the present President was sufficiently settled, to permit of its attention being given to matters affecting the external policy of the country.

The Committee, in addition to addressing the Government, through Mr. Perry, their accredited agent, maintained in concert with him, communications with a group of local financiers, whose attention has been given to maturing a plan of settlement which embodies an early resumption of the payment of interest, through the instrumentality of credits to be placed at the disposal of the Government by a National Bank, to be established under Charter, in the Republic.

Although owing to the pressure of business the requisite legislative authorisation could not be obtained last year, the Committee are led to believe that on the resumption of its sittings, in April next, the Mexican Legislature will be pressed to give its sanction to the above plan.

The high reputation for personal honour enjoyed by President Diaz, coupled with the tone of his official utterances, gave, from the first, ground for hopes that a settlement of the External Debt would be arrived at, under his administration. In fact, nothing could apparently point more explicitly to such a result, than the expressions he used at the opening of the September session of the Mexican legislative bodies, when he said, "The Secretary of Finance will submit to you some important modifications of the Bill laid before you during the past sessions, relative to the consolidation and payment of the Public Debt." Nor was the reply of the Chairman of the Chamber of Deputies less favourable, stating, as he did, that "Congress has the profound conviction that one of the acts which give the greatest prestige to Governments is the religious fulfilment of their obligations."

Meanwhile, other signs are not wanting that the persistent efforts of the Council and the Committee have not only aroused public attention in Mexico to the question of the Foreign Debt, but disposed it favourably to an equitable settlement, as the leading organs of the press now advocate the discharge by the Republic of its financial obligations. The *Epoca*, a Ministerial organ, recently observed in concluding an article on the subject—"It is with this question we occupy ourselves, in preference to all others, for above all it is necessary to defend Mexico against the hurtful idea which has been entertained, that the nation will not fulfil its engagements. For the honour of our dear country, we enlist our esteemed colleagues to second us in this important matter."

Nor is it in the press only that such views find favour, as intimations have reached the Council that, apart from the financial group already alluded to, other Mexican citizens of position and influence earnestly desire the settlement of the Public Debt.

## PARAGUAY.

Although the Paraguayan Congress had annulled the Convention negotiated here by Señor Bareiro, which had for its object the establishment of a national Bank, with privileges which would have been of material advantage to the Bondholders, it was still considered, that the feeling of the Executive Government at Asuncion was favourable to their claims.

The Directors of the National Bank of Paraguay resolved to send their Secretary, Mr. A. F. Baillie, to Asuncion, to



endeavour to reopen negotiations on the bases of the above Convention, and the Council were requested to furnish him with letters of credence to the Government.

Mr. Baillie left England on the 10th April last, and on reaching Asuncion he found that Señor Don Higinio Uriarte, formerly one of the Special Commissioners to London, was acting as President, in consequence of the murder of Don Juan Bautista Gill, the elected President.

Señor Bareiro was Minister of Finance, and was still disposed to aid in any measure by which the claims of the Bondholders would be recognised, although the prospects of their early settlement were not favourable.

Owing to the lamentable poverty of the country, the Congress had abolished all customs duties and all local taxation, except such as was needed for the maintenance of Government.

The Paraguari-Asuncion Railway, which had been specially hypothecated to the Bondholders, had been sold on the 17th March for one million dollars to a group of Brazilian merchants, aided, it was understood, by the Government of Brazil.

Some of the public lands (*yerbales*), also hypothecated to the Bondholders, had been sold, and their cultivation had sensibly diminished from want of labour, which, however, was being partially met by immigration.

Notwithstanding his efforts, Mr. Baillie was unable to obtain a renewal of the Concession to the National Bank, and a proposal to assign the management of the Yerba trade to the Bondholders, although made to the Legislature, and supported by Señor Bareiro, was negatived by Congress.

Throughout these negotiations, Mr. Baillie found that he had to contend with the opposition of the Brazilian Government, which brought the weight of its influence to bear against any arrangement of the Bondholders' claims having

for its object their settlement, in preference to the indemnities alleged to be due to Brazilian subjects, for losses sustained during the war.

In addition to the claims put forward on behalf of individuals, Brazil also requires a War Indemnity from Paraguay of undefined amount.

In the face of these obstacles, Mr. Baillie unwillingly relinquished the mission confided to him, and which he had prosecuted with great tact and perseverance.

Mr. Baillie returned to England, and his able Report to the Council was published in the "Bullionist" and "Money Market Review" newspapers of the 15th December last, and a copy thereof was sent to all Paraguay Bondholders, whose names are registered with the Corporation.

The circumstance that there has not yet been any repudiation of the debt, permits the hope that some plan may be devised which, without trenching on the claims of others against Paraguay, would meet those of the Bondholders, and would obtain the sanction of the Congress. A Committee has recently been formed for the purpose of guarding the interests of the Bondholders, which is in communication with the Council.

## PERU.

The Council have received numerous applications from Peruvian Bondholders, asking for their assistance in obtaining a settlement of their claims.

The Committee known as Mr. Croyle's, and those established, at Paris, and Amsterdam, have also requested the co-operation of the Council in furthering steps which may

be taken to effect a common united action in the interest of the Bondholders, and of the Government of Peru.

Sir Charles Russell's Committee, on the other hand, appear to entertain a confident opinion, that the arrangements they have made with the Government of Peru will be fully observed, and are the best that can be expected, and will ultimately place the Bondholders in a very improved position. The Council are very desirous of doing all that lies in their power to promote harmony among all classes of the Bondholders, and friendly accord and united proceedings on the part of the various Committees. Nothing is so likely to damage the prospects of a favourable result to the various efforts made to secure the interests of the Foreign creditors of Peru, as the spectacle of avowed disagreement and opposition between Committees representing different sections of the Bondholders.

IQUIQUE, LA NORIA, SAL DE OBISPO,  
AND PISAGUA, &c., RAILWAYS.

In compliance with a requisition signed by a number of influential first Preference Bondholders of the Iquique and La Noria Railway, calling on the Council to take charge of their interests, a public meeting was convened at the Council-house on the 30th August, at which Mr. Bouverie took the chair.

The meeting discussed the position of the Trust in existence respecting this security and of the Bondholders, and were of opinion generally, that the Committee previously formed should be reconstructed. There is good reason to believe that arrangements of a satisfactory character to the Bondholders are on the point of settlement, in which case the appointment of a fresh Committee, as then contemplated, will become needless. Should these contemplated arrange-

ments fall through, it will become necessary to summon a meeting and appoint a Committee of the Bondholders forthwith.

## ROUMANIA.

### ROUMANIAN RAILWAY COMPANY.

At the Meeting of Shareholders held at Berlin on the 28th June, 1877, it was resolved to carry forward 8,653,384-58 Marks to a Special Reserve Fund for the "Dividend of 1876 Account," owing to non-payment of the guarantee, in consequence of the war in the East.

In consequence of a report that payments had been made by the Government to the Company, the Council addressed the Directors on the subject of the payment of the coupon due 1st July, 1877, and a reply was received stating that information as to the settlement of this coupon will be given in the next Annual Report to the Shareholders.

Notwithstanding the default on these shares, the payment of the 6 per cent. obligations, issued against the 1874 and 1875 coupons, has been punctually made.

## SALVADOR.

On the 18th May the Foreign Office wrote to the Council informing them that a dispatch had been received from Mr. Sidney Locock, Her Majesty's Minister in Central America, stating that the Government of Salvador had promised to consider the Memorial, addressed by the Council to the President of the Republic, on the subject of

the bonds of the Old Central American Federal Debt still remaining unpaid.

Mr. Locock also sent a copy of a Decree issued by the Salvador Government, professing to consolidate the Debt of the Republic, and, although no reference is made in it to these bonds, the 9th Article of the Decree declares in general language, that "the Contracts or Conventions which the Government may have entered into for obtaining advances, shall be observed to their full extent, whatever their conditions."

This provision would appear to cover these bonds which, having originally formed part of the Federal Debt, were, by special arrangement, taken over by Salvador as her share of that Debt, when the Federation was dissolved.

On the 23rd June the Foreign Office informed the Council that Mr. Sidney Locock, in a dispatch, dated 5th May, enclosed a note from the Salvadorian Minister for Foreign Affairs, stating that fresh instructions were about to be issued for carrying out the measures already ordered with regard to the unpaid bonds of the Central American Federal Debt, and on the 12th October last, His Excellency Señor Don José Maria Torres Caicedo, the newly-appointed Minister of the Republic, in a letter addressed to the Council, informed them that he had applied to his Government for instructions on the subject. No such instructions have yet been communicated to the Council.

The Council are under great obligations to the Foreign Office, and to Mr. Sidney Locock, for the unofficial assistance they have afforded.

## SANTO DOMINGO.

## Santo Domingo Committee.

F. Bennoch, Esq., *Chairman*.  
 Lieut.-General J. L. Vaughan,  
     C.B., *Deputy-Chairman*.  
 Right Hon. E. Pleydell-  
     Bouverie, *Ex-officio*.  
 Dr. A. Benisch.  
 E. Lennox Boyd, Esq.  
 Robert Bradshaw, Esq.  
 C. A. Day, Esq.  
 Capt. W. Delf.  
 R. F. Eland, Esq.  
 W. Ford, Esq.  
 J. Foster, Esq.  
 G. Grantham, Esq.  
 Major J. C. Harris, R.E.  
 Rev. E. S. Hart.  
 R. H. Household, Esq.  
 H. B. Hyde, Esq.  
 W. Johnson, Esq.

Robert Monckton, Esq.  
 R. L. Morris, Esq.  
 J. G. Peckham, Esq.  
 Chas. Penruddocke, Esq.  
 C. W. Price, Esq.  
 V. D. Ray, Esq.  
 H. E. Rensburg, Esq.  
 P. C. Renton, Esq.  
 W. Richardson, Esq.  
 Aug. Styles, Esq.  
 G. R. Walker, Esq.  
 Count M. G. de Wezele.  
 Colonel R. White.  
 Thos. Williamson, Esq.  
 Thos. Wilshere, Esq.  
 C. O. Wombwell, Esq.

*Secretary.*

Hyde Clarke, Esq.

The Council have not lost sight of the claims of the holders of St. Domingo Bonds; but the unsettled state of the Dominican Government and Republic, leaves little prospect at present of a settlement of the Debt.

## SPAIN.

## General Committee of Holders of the Three per Cent. External Debt.

Right Honourable Lord  
Hampton, G.C.B., *Chair-*  
*man.*

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio.*

Augustus B. Abraham, Esq.

General Sir George Balfour,  
K.C.B., M.P.

Dr. A. Benisch.

F. Bennoch, Esq.

W. H. Bishop, Esq.

A. Blackborne, Esq.

Lionel N. Bonar, Esq.

Sir Antonio Brady.

Edmund Burke, Esq.

Andrew Cassels, Esq.

M. Castello, Esq.

John Collinson, Esq.

Robert Crawshay, Esq.

Chas. John Croke, Esq.

Col. the Hon. H. B.  
Dalzell.

Geo. Dibley, Esq.

R. Dixon, Esq.

W. Duncan, Esq.

Roger Eykyn, Esq.

J. Figgins, Esq., Alderman.

Henry I. Fotherby, Esq.,  
M.D.

Captain T. Fuller.

Commissary-General R. M.  
Gardiner.

James Gardner, Esq.

Robert Gardner, Esq.

John Goddard, Esq.

Wm. Grain, Esq.

G. de G. Griffith, Esq., M.D.

W. Griffith, Esq.

Rev. W. B. Harrison.

Spencer Herapath, Esq.

Geo. Herring, Esq.

Rev. W. Hodgson.

E. J. Hutchins, Esq.

E. Jeggins, Esq.

Thos. Kent, Esq.

Capt. Gilbert T. Key, R.N.

Arthur Kimber, Esq.

G. I. Leon, Esq.

C. E. Lewis, Esq., M.P.

Chas. Magniac, Esq.

W. H. Mogg, Esq.

Rev. M. N. Nathan.

H. N. Nissen, Esq.

A. Northen, Esq.

Parkinson Oates, Esq., M.D.

G. W. Obicini, Esq.

M. J. Power, Esq.

J. Remfrey, Esq.

D. Robinson, Esq.  
 Sir Philip Rose, Bart.  
 L. M. Rothschild, Esq.  
 Christopher Rowlands, Esq.  
 Thomas Rumball, Esq., C.E.  
 Sir Charles Russell, Bart., M.P.  
 Thomas Sidney, Esq., Alderman.  
 H. Skynner, Esq.  
 H. Solomon, Esq.  
 C. Surgey, Esq.  
 John Vade, Esq.  
 Lt.-General J. L. Vaughan, C.B.  
 Lieut.-Col. Vickers.

Chas. Waring, Esq., M.P.  
 Count. M. G. de Wezele.  
 J. H. Wolton, Esq.  
 Edwd. Wright, Esq.  
 Admiral of the Fleet, Sir Provo  
 Wallis, G.C.B.

*Secretary of the Committee.*

Hyde Clarke, Esq.

*Agent in Madrid.*

John Hamilton, Esq.

#### SPANISH 3 PER CENT. EXTERNAL DEBT.

*Arrangement of 1875.*—The coupons presented for conversion up to the present time, under this arrangement, amount to £6,877,440 16s. 3d.

The amount of the 5 per Cent. Rio Tinto bonds cancelled, in accordance with the trust deed, during the past year, was £75,160, making the total now cancelled £164,060.

*Arrangement of 1876.*—The conversion of the 5 coupons under this arrangement is steadily progressing.

#### SPANISH NATIONAL LANDS OF 1871.

On the payment of the coupons due 1st April and 1st October, 1877, they were subjected to a deduction in respect of a tax payable to the Spanish Government on the coupons of the Treasury bonds, forming the guarantee for the Lands Loan, and the proceeds of which go towards the payment of these coupons.

The English series of this loan constitute a separate



issue, conformable to the Exterior issues of Spain, as distinguished from the Interior issues. A protest was made against the deduction by the Bank of Castile, and the Council instructed their agent at Madrid to put himself in communication with the bank, for the purpose of supporting it in the representations made to the Government. Direct application on the subject has also been made to the Minister of Finance; but a remission of the tax has not hitherto been effected.

## TENNESSEE.

The following details may be of interest:—

At a meeting of Bondholders, held at New York on the 20th January, 1877, a committee of five were appointed to confer with the Legislature of Tennessee, which met on the 5th December last to consider the question of a readjustment of the Debt.

The following is a summary of the proposed settlement, which was supported by Governor Porter. New 6 per cent. bonds, having thirty years to run, were to be issued at the rate of 60 per cent. of the total amount of principal and overdue interest, the coupons to be payable in New York, and to be receivable in payment of taxes.

The Legislature, however, rejected the proposals, and would not even entertain a compromise at 50 per cent., with progressive interest from 4 to 6 per cent.; and from the feeling exhibited during the debates on the question, it is to be feared that no definite action will be taken with regard to a settlement of the State Debt, during the present Session.

## TUNIS.

The coupon of the General Debt of Tunis, due 1st January last (7f. 50c. of 12f. 50c.), was only partially paid. This is stated to be merely a temporary default, caused by a deficiency in the revenue of the State, owing to bad crops. The Financial Commission announce that payment of the balance, *viz.*, 5f. per coupon, will be made as soon as circumstances permit.

## TURKEY.

Joint Commissions for the Ottoman Loans of 1858 and 1862  
under the Convention of February, 1873.

The Right Hon. E. Pleydell-  
Bouverie, *Chairman of the  
Council of Foreign Bond-  
holders.*

Francis Bennoch, Esq.

Roger Eykyn, Esq.

Thomas Rumball, Esq.

H. A. Withers, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Agent in Constantinople.*

Captain Stab.

Since the issue of the last report, there has been no improvement in the state of affairs, and no progress has therefore been made towards any negotiations for an adjustment of the greater portion of the Debt.

A settlement of the Tribute Loans question has, however, been arrived at. The following is a brief summary of the chief features of the negotiations which led to the arrangement.

At the request of the Committee of the Egyptian Tribute Bondholders' League, the Council convened a Meeting of the Bondholders of the Loan of 1854, which was held at

the Councilhouse on the 9th of April, when the following Resolution was passed :—

RESOLVED—

“That this meeting, while expressing their confidence in Messrs. Dent, Palmer, and Co., is desirous that the Council of Foreign Bondholders should give its assistance and co-operation towards obtaining satisfaction of their just claims from the funds remitted, and to be remitted, to the Bank of England from Egypt, on their account; and should co-operate with Messrs. Dent, Palmer, and Co. for that purpose, and should take, with their concurrence, such proceedings as may be advised to be adopted in that behalf.”

In consequence of a requisition to the Council, a Meeting of the Bondholders of the 1871 Loan was convened and held at the Councilhouse on the 24th May, when a resolution similar in character to that passed at the Meeting of the 1854 Loan was adopted.

The Porte having appointed two Financial Commissioners, H. E. Zuhdi Effendi, and M. B. Foster, Esq., C.B., for the purpose of effecting a settlement of the claims of the Tribute Bondholders; Mr. Bouverie acting conjointly with Mr. E. H. Palmer, (a Member of the firm of Messrs. Dent, Palmer and Co., and Governor of the Bank of England), on behalf of the Bondholders, proceeded to negotiate with them, on the basis of a release of the funds held by the Bank.

Meetings of the Bondholders of each of the Loans were held on the 24th July, and the proposed terms of arrangement were submitted to them. These terms were accepted, with slight modifications, and were subsequently embodied in the formal agreements, dated 17th September, 1877; and notice of the distribution of the money in the Bank of England to the credit of these loans on account of the half-paid coupons and drawn bonds, was given on the 24th of September.

# UNITED STATES OF COLOMBIA (NEW GRANADA.)

## Colombian Committee.

The Right Hon. E. Pleydell-Bouverie, *Chairman of the Council of Foreign Bondholders, Chairman.*

W. T. F. M. Ingall, Esq.

E. Jeggins, Esq.

A. Northen, Esq.

F. C. Pawle, Esq.

E. Wright, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Bankers for the 4½ % Loan.*

London and County Bank.

*Bankers for the 6 % Loan.*

London and County Bank.

*Agent at Bogotá.*

Charles O'Leary, Esq., H.B.M.'s  
Vice-Consul.

The insurrection, begun in 1876, still continued at the opening of the present year, and was not finally suppressed till the decisive victory gained by General Trujillo over the insurgents, in Antioquia, in the month of April.

This outbreak inflicted serious losses on the country, exhausted its resources, and paralysed its commerce.

The Government had been unable to continue its monthly payments on account of its foreign debt, and none of the dividends maturing in 1877 had been met.

But, in June, Mr. O'Leary, the agent of the Bondholders at Bogotá, brought a skilful negotiation with the Government to a successful termination, by an arrangement for a resumption of monthly payments to commence in July, and also for the liquidation, by four quarterly instalments, of the three coupons which were then considered to be in arrear.

This arrangement has been faithfully carried out by the Colombian Government, which has thus given a further proof of fidelity to their engagements.

Payments, monthly on account of current coupons, and quarterly on account of arrear coupons, have been hitherto punctually made to Mr. O'Leary, who has had difficulty in procuring either bills or gold to remit here.

The Committee of Colombian Bondholders, associated with the Council, considered that the interests of the Republic and of the Bondholders would be best consulted by disposing of funds, as they became available, in the payment of coupons falling due.

They came to a decision in accordance with the stipulations made by the Government to treat the 15th and 16th coupons of the bonds, payable respectively in January and April, 1877, as coupons in arrear, and to pay the 17th coupon, payable in July last, out of Mr. O'Leary's first remittance, and a balance previously in hand.

This was accordingly done ; the 17th coupon was paid on the 5th October, and a Certificate was issued by the Council in exchange for the 15th and 16th coupons.

The Committee also decided to pay each succeeding coupon, as sufficient funds accrue from remittances, and to pay the 15th and 16th coupons as bills remitted on their account should mature, and with the last remittances to be made under the arrangement for the payment of overdue Coupons, to pay whichever coupon may next become due, as the third of the three coupons deemed, under Mr. O'Leary's agreement of June, to be in arrear.

The 18th coupon, payable in October last, has since been paid, and the Colombian Government continue to make regular payments of the arrear coupons in accordance with the arrangement of June with Mr. O'Leary.

## VENEZUELA.

### Venezuelan Committee.

*Appointed at the Public Meeting of 24th March, 1865.*

Admiral of the Fleet, Sir Provo	E. Jonas, Esq.
Wallis, G.C.B., <i>Chairman</i> .	F. Obicini, Esq.
Right Hon. E. Pleydell-	Lt.-General J. L. Vaughan, C.B.
Bouverie, <i>Ex-officio</i> .	
John Field, Esq.	<i>Secretary.</i>
E. Jeggins, Esq.	H. Schirges, Esq.

The Council have received repeated communications from Caracas representing the financial position of the country as highly satisfactory, and its Government as seriously disposed to compensate its foreign creditors for the great sacrifices to which they have had to submit during the last twelve years.

As the reasons, which induced General Guzman Blanco's Government to reduce the annual payment for the service of the Foreign Debt from the full amount of the 27 units of the 40 per cent. of the Venezuelan Custom Houses (which now produce above £100,000 per annum, and which were secured to the Bondholders by the Agreement of November 7th, 1873) to a maximum of £40,000 per annum, do not appear to operate any longer, the Council has willingly listened to such proposals as seemed to hold out a prospect for the improvement of the position of the Bondholders.

These proposals have been communicated to the Committee of Venezuelan Bondholders, by whom the Conven-

tion was concluded, under which the payment of £40,000 per annum has been made. This last committee, it is understood, is about to propose removing its quarters to the offices of the Council.

## VIRGINIA.

### Virginian Committee.

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio*.

F. Algar, Esq.

Geo. Artingstall, Esq.

Lieut.-Colonel Aytoun, R.A.

R. L. Baker, Esq.

Jas. B. Blarney, Esq.

Morris Cantor, Esq.

E. Charlton, Esq., M.D.

David Clark, Esq.

Charles Clark, Esq.

John Dabbs, Esq.

Joseph Hankey Dobree, Esq.

W. Duncan, Esq.

C. E. Flower, Esq.

John Ford, Esq.

Commissary-General R. M.  
Gardiner.

R. H. Glyn, Esq.

John Alers Hankey, Esq.

E. J. Harris, Esq.

Arthur Horrigan, Esq.

E. Humphreys, Esq.

Henry Joachim, Esq.

General Sir Arnold Kemball,  
Bart., K.C.S.I., C.B.

Arthur Kimber, Esq.

Silvester, L'Amy, Esq.

Robt. P. Laurie, Esq.

Arthur Leared, Esq., M.D.

G. I. Leon, Esq.

Samuel Montagu, Esq.

J. L. Mieville, Esq.

D. Oppenheimer, Esq.

M. J. O'Shaughnessy, Esq.

Geo. Penson, Esq.

Giuseppe A. Pugno, Esq.

Geo. Richardson, Esq.

W. R. Richardson, Esq.

Captain W. W. Ross.

Geo. T. Rait, Esq.

C. Satterthwaite, Esq.

W. Trotter, Esq.

Geo. Yule, Esq.

*Secretary.*

Hyde Clarke, Esq.

Since the last Report, General Taylor, a distinguished Virginian, who had previously been in communication with the Committee in 1875, has suggested a scheme with a

view to a settlement of the Debt during the present session of the Legislature, who, it is believed, are disposed to put the whole Debt of the State upon a better footing.

It was proposed by General Taylor that the State should pay  $4\frac{1}{2}$  per cent. on all classes of Debt for three years, and 5 per cent. thereafter,—less the One-Third of the Old Virginian Debt allotted to Western Virginia.

In the absence of any authoritative proposal from the Executive of Virginia, the Bondholders, generally, could not be publicly called together, and General Taylor's communication was therefore laid before a meeting of leading Virginian Bondholders of both classes convened to confer on the subject.

They were of opinion that,—while  $4\frac{1}{2}$  per cent. interest in gold for three years would probably be accepted by the holders of bonds issued under the Funding Act of 1872, including all unfunded bonds and arrears of interest acknowledged by the State under the Funding Act of 1871, and 5 per cent. thereafter—the same rate of interest would not be a sufficient inducement, for the holders of Tax receivable Coupon Bonds, to send their coupons to State Agents instead of selling them, as they now do, to Virginian tax-payers, because the holders would thus actually receive less upon them than is now obtained.

The Council have lost no time in informing General Taylor of the views of the Conference, and intimated to him that, as regards the Tax receivable Coupon Bondholders, anything short of 5 per cent. in gold was not likely to be accepted, inasmuch as they would thus not receive anything, in exchange for the prospective chance of obtaining a better market for their coupons, should there be a general resumption of specie payments.

In reply to a letter from the Council, General Taylor while expressing his desire to contribute to an adjustment



of the Debt, which would be satisfactory to the Bondholders and to the Commonwealth, stated that he feared Virginia would not be able to pay 5 per cent. interest in gold immediately, as no increase of taxation can be looked for, at present. He mentioned, however, that a new assessment would be made in 1880, and as the last assessment took place in 1875—a period of great depression—a considerable increase in the valuation is then anticipated, which would concurrently augment the revenue.

The return from the tax on liquors is also expected to reach double its former amount, owing to the operations of an Act passed by the last Legislature.

Governor Kemper's Message to the Legislature, which assembled on the 5th December last, chiefly relates to the question of the Public Debt, and the impracticability of getting rid of the Funding Act.

He recommends that a Special Commission should be appointed to introduce a proper system in the Public Expenditure, and he expresses the opinion that "by the new Revenue measure devised by the last Assembly, together with retrenchments in the expenses of the Government, all the obligations of the State could be fully met."

The present indebtedness of the State, including principal and all arrears of interest, is stated to be \$33,538,958.

The revenue for the year 1876-77 was \$2,505,387, the expenditure \$1,443,267, and the surplus, amounting to \$1,062,120, was employed in paying interest on the Debt.

## LIBRARY AND RECORD DEPARTMENT.

Contributions to the Library during the year 1877, are gratefully acknowledged from Her Majesty's Secretaries of State for Foreign Affairs and for India, from the Governors

of New South Wales and Victoria, from Don Carlos Capdevila, Consul-General of the Argentine Confederation, and from other gentlemen.

The Council depend on the liberality of the friends of the Corporation to extend the collection which has already been formed of books on financial and other subjects, connected with the objects of the Institution.

The Compilation of Extracts from newspapers and other publications relating to the loans of Foreign States and the Colonies, has been regularly continued, and the valuable information thus collected is contained in about two hundred volumes.

A Catalogue of the Library can be obtained on application.



# THE PRINCIPAL FOREIGN LOANS

*Issued in London from 1822 to 1877, both inclusive.*

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*All these Loans are "EXTINCT" or "EXISTING."*

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## THE EXTINCT LOANS ARE:—

1. REDEEMED.
  2. CONVERTED.
- 

## THE EXISTING LOANS ARE:—

1. CURRENT.
  2. IN DEFAULT.
- 

"REDEEMED" are printed in this type—

*e. g., Brazil of 1824.*

"CONVERTED" are printed in this type—

*e. g., Colombia of 1822.*

"CURRENT" are printed in this type—

*e. g., RUSSIA OF 1822.*

"IN DEFAULT" are printed in this type—

*e. g., Greece of 1824.*

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Year of Issue.	Index Number.	Rate of Interest per cent.	Name of State.	Total amount of Loan contracted for.	Amount of Loan Issued in London.*
<b>1822.</b>					
„	8	6	<i>Chili</i> ... ..	£1,000,000	£934,000
„	10	6	<i>Colombia</i> ... ..	2,000,000	2,000,000
„	14	5	<i>Denmark</i> ... ..	3,000,000	2,000,000
„	37	6	<i>Peru</i> ... ..	1,200,000	450,000
„	40	5	<i>RUSSIA</i> ... ..	6,451,875	3,546,000
<b>1823.</b>					
„	3	5	<i>Austria</i> ... ..	3,500,000	3,500,000
„	38	5	<i>Portugal</i> ... ..	1,500,000	1,500,000
<b>1824.</b>					
„	6	5	<i>Brazil</i> ... ..	1,686,200	1,686,200
„	7	6	<b>BUENOS AYRES</b>	1,000,000	1,000,000
„	10	6	<i>Colombia</i> ... ..	4,750,000	4,750,000
„	20	5	<i>Greece</i> ... ..	800,000	800,000
„	30	5	<i>Mexico</i> ... ..	3,200,000	3,200,000
„	32	5	<i>Naples</i> ... ..	2,500,000	2,500,000
„	37	6	<i>Peru</i> ... ..	Balance of 1822 Loan	750,000
<b>1825.</b>					
„	6	5	<i>Brazil</i> ... ..	2,000,000	2,000,000
„	14	3	<b>DENMARK</b> ... ..	5,500,000	3,500,000
„	20	5	<i>Greece</i> ... ..	2,000,000	2,000,000
„	21	6	<i>Guatemala</i> ... ..	1,428,571	163,300
„	30	6	<i>Mexico</i> ... ..	3,200,000	3,200,000
„	37	6	<i>Peru</i> ... ..	616,000	616,000

\* When the exact amount is not stated, either

Price of Issue per cent.	Agents for Issue.	Remarks.
70	Hullett Bros. & Co.	In default from 1826 to 1842. Redeemed in 1873.
84	Herring, Graham, & Powles	In default from 1826. In 1834— New Granada recognised 50 $\frac{0}{0}$ See 1845. Venezuela " 28 $\frac{1}{2}$ $\frac{0}{0}$ See 1841. Ecuador " 21 $\frac{1}{2}$ $\frac{0}{0}$ See 1855.
77 $\frac{1}{2}$	A. F. Haldimand & Sons	Redeemed in 1825.
88	Fry & Chapman	Converted in 1849.
82	Rothschild & Sons	
82	Rothschild & Sons	
87	Thomas & W. King	Assumed by Brazil and paid off in 1852.
75	Rothschild & Sons & Thos. Wilson & Co.	Redeemed in 1863.
85	Baring Bros. & Co.	In default from July, 1828 to 1857.
88 $\frac{1}{2}$	B. A. Goldschmidt & Co.	See Colombia, 1822.
59	A. Laughman & Co.	In default from Jan. 1827 incl.
58	B. A. Goldschmidt & Co.	In default from 1827 to 1831, again 1833 to 1836. Converted in 1837.
92 $\frac{1}{2}$	Rothschild & Sons	Redeemed.
82	Fry & Chapman	Converted in 1849.
85	Rothschild & Sons	Paid off in 1863.
75	Thos. Wilson & Co.	Balance issued in 1838.
56 $\frac{1}{2}$	Ricardo & Co.	In default from July, 1827.
63	Barclay, Herring & Co.	In default from 1828. In 1839— Guatemala recognised $\frac{5}{12}$ th. See 1856. Nicaragua " $\frac{1}{12}$ th. " 1874. San Salvador " $\frac{2}{12}$ th. " 1860. Honduras " $\frac{2}{12}$ th. " 1867. Costa Rica " $\frac{1}{12}$ th. " 1840.
86 $\frac{3}{4}$	Barclay, Herring & Co.	In default from 1827 to 1831. Again 1833 to 1836. Converted in 1837.
78	Fry & Chapman	Converted in 1849.

is left or the full amount is given as issued in London.



Year of Issue.	Index Number.	Rate of Interest per cent.	Name of State.	Total amount of Loan contracted for.	Amount of Loan Issued in London.
1828.					
"	45	5	Spain ... ..	£600,000	£600,000
1829.					
"	6	5	Brazil ... ..	800,000	800,000
1831.					
"	30	5	Mexico ... ..	639,255	639,255
"	30	6	Ditto ... ..	945,270	945,270
"	38	5	Portugal ... ..	2,000,000	2,000,000
1832.					
"	38	5	Portugal ... ..	600,000	600,000
"	40	5	RUSSIA ... ..	6,000,000	
1833.					
"	20	5	Greece ... ..	2,343,750	2,343,750
"	38	5	Portugal ... ..	2,000,000	2,000,000
"	38	6	Ditto ... ..	1,000,000	1,000,000
1834.					
"	45	6	Spain (Cuba) ... ..	450,450	450,450
"	45	5	Spain ... ..	7,456,115	7,456,115
"	45	5	Ditto ... ..	25,866,785	being $\frac{2}{3}$ of existing Debt " $\frac{1}{3}$ " " "
"	45	Nil	Ditto ... ..	12,696,500	
"	45	Nil	Ditto ... ..	13,215,700	
"					
1835.					
"	38	3	Portugal ... ..	6,000,000	6,000,000

Price of Issue per cent.	Agents for Issue.	Remarks.
54	Spanish Finl. Comn.  Thomas & W. King	Indemnity bonds issued to meet British claims, according to Convention of 1823, between England and Spain. Converted in 1841.  Renewed in 1859.
Deferred Deferred 48	Baring Bros. & Co. Ditto Ricardo & Co.	Arrears 1 Oct., 1827, to 1 Apl., 1831, on 1824 Loan. Ditto, ditto, ditto, 1825 ditto. Converted in 1841.
48 92½	Ricardo & Co. Baring Bros. & Co.	Converted in 1861. Metallics only partly issued in London. This applies also to the similar issue in 1833.
100	Rothschild & Sons	Guaranteed by England, France, and Russia. Main portion undischarged by Greece to guarantors.
48 94	Ricardo & Co. J. L. Goldsmid	Converted in 1841. Converted in 1841.
60 Active Passive Deferred	Wright & Co. Ardoin & Ricardo & Co.	Both "Active" Issues, defaulted in May, 1837. 20% arrears issued in 3% Stock in 1841. Reconverted in 1851, with arrears from May 1841 to June, 1851, on "Active" 5% of 1834, and from May 1844 to June 1851 on "Deferred" to extent of one-half. The confiscated half of arrears was compromised in 1867 for about 55½% of the nominal amount in 3% Stock. The "Passive" were converted in 1867 into 3% Stock at about half the nominal amount, after deducting value for compulsory cash payment. The 1851 debt was converted in 1870.
70	Rothschild & Sons	Converted in 1841.

Year of Issue.	Index Number.	Rate of Interest per cent.	Name of State.	Total amount of Loan contracted for.	Amount of Loan Issued in London.
<b>1836.</b>					
"	4	4	BELGIUM ...	£1,200,000	£1,200,000
"	18	6	Florida ...	200,000	200,000
"	38	5	Portugal ...	900,000	900,000
<b>1837.</b>					
"	30	5	Mexico ...	9,247,944	9,247,944
"	30	5	<del>Mexico</del> ...	434,350	434,350
"	38	6	Portugal ...	1,000,000	1,000,000
"	45	6	Spain ( <i>Cuba</i> ) ...	112,600	112,600
<b>1839.</b>					
"	6	5	<i>Brazil</i> ...	312,512	312,512
<b>1840.</b>					
"	12		<i>Costa Rica</i> (1825)...	See Guatemala 1825	13,608
<b>1841.</b>					
"	38	2½ to 6	Portugal ...	10,000,000	Conversion of 1831,'32, '33,'35,'36,&'37 Loans
"	45	3	Spain ...	7,105,065	Arrears on 1834 Debt
"	51	2 to 6	Venezuela...	See Colombia 1822-4	1,888,396
"	51	0 to 5	Ditto ...	Ditto	1,888,396
<b>1842.</b>					
"	8	3	CHILI ...	756,500	756,500
<b>1843.</b>					
"	6	5	<i>Brazil</i> ...	732,000	732,000
"	38	4	Portugal ...	6,500,000	

Price of Issue per cent.	Agents for Issue.	Remarks.
92	Thos. Wilson & Co. J. L. Goldsmid	Held abroad.
80		£650,000 merged in Brazil stock. £250,000 converted in 1841.
Deferred	F. de Lizardi & Co.	Conversion of 1824, 1825, and 1831 Loans, with arrears. Reconverted in 1846 and 1851.
Deferred	Ditto	Shut out from 1846 Conversion by an illegal issue, and in default from Jan. 1847. Converted in 1841.
	J. L. Goldsmid.	
78	Thomas & W. King	Paid off at about 85% in cash.
Active	Reid, Irving, & Co.	About £6,500,000 were converted into 4% of 1843. Reconverted in 1852. 20% of arrears funded in these Bonds. Defaulted in 1847. Converted 1859.
Deferred	Ditto	Ditto ditto ditto
Deferred	Baring Bros. & Co.	Arrears of interest on 1822 Loan funded.
85	Sir J. L. Goldsmid	Issued to Portugal for claims, paid off 1864. Conversion of 1841 Loan. Reconverted into 3% Bonds in 1852.

Year of Issue.	Index Number.	Rate of Interest per cent.	Name of State.	Total amount of Loan contracted for.	Amount of Loan Issued in London.
<b>1845.</b>					
„	33	1 to 6	New Granada ...	See Colombia 1822-4	£3,312,975
„	33	0 to 3	Ditto ...	Ditto	3,312,975
„	38	4	Portugal ...	£4,500,000	4,500,000
<b>1848.</b>					
„	38	3	Portugal ...	167,296	167,296
<b>1849.</b>					
„	14	5	Denmark ...	800,000	150,000
„	37	4 to 6	Peru ...	See 1822, '24, '25 Loans	1,816,000
„	37	1 to 5	Ditto ...	Ditto	1,960,000
<b>1850.</b>					
„	14	5	Denmark ...	800,000	800,000
„	40	4½	RUSSIA ...	5,500,000	5,500,000
<b>1851.</b>					
„	30	3	Mexico ...	10,241,650	10,241,650
„	44	5	SARDINIA ...	3,562,500	3,562,500
„	52	5	Virginia ...	373,000	373,000
<b>1852.</b>					
„	3	5	Austria ...	3,500,000	2,225,000
„	6	4½	BRAZIL ...	1,040,600	1,040,600
„	46	4	SWEDEN ...	450,000	450,000
<b>1853.</b>					
„	37	4½	Peru ...	2,600,000	2,600,000
„	37	4½	Peru ...	404,300	404,300

Price of Issue per cent.	Agents for Issue.	Remarks.
Active  Deferred 100	Baring Bros. & Co.  Ditto	Both converted into Colombian $4\frac{1}{2}\%$ of 1873 Conversion Loan. Defaulted in 1853. In 1861, $3\%$ Bonds issued for arrears.
86 Active  Deferred	C. J. Hambro & Son Committee of Bondholders  Ditto	Paid off in 1859.  Converted in 1862.
90 93	C. J. Hambro & Son Baring Bros. & Co.	Paid off in 1861, unless continued at $4\%$ .  Mainly Conversion Loan. Defaulted 1854 to 1864. Again from July 1866.
85	C. J. Hambro & Son Baring Bros. & Co.	See 1867 and 1871.
90 95 93	Rothschild & Sons Ditto Palmer, McKillop, & Dent	Converted into Internal Stock in 1870. Applied to paying off Portuguese 1823 Loan.
85	C. de Murrieta & Co. and C. J. Hambro & Son J. Hegan & Co.	Converted in 1862.  Issued to J. Hegan & Co., in connection with Arica and Tacna Railway. Converted in 1862.

Year of Issue.	Index Number.	Rate of Interest per cent.	Name of State.	Total amount of Loan contracted for.	Amount of Loan Issued in London.
1854.	48	6	TURKEY ...	£3,000,000	£3,000,000
1855.	15	1 to 6	Ecuador ...	See Colombia 1822, '24	1,824,000
"	44	4	Sardinia ...	2,000,000	
"	48	4	TURKEY ...	5,000,000	5,000,000
1856.	21	5	Guatemala ...	See 1825 Loan	100,000
1857.	7	1 to 3	BUENOS AYRES	1,641,000	1,641,000
1858.	6	4½	BRAZIL ...	1,526,500	1,526,500
"	8	4½	CHILI ...	1,554,800	1,554,800
"	46	4½	SWEDEN ...	1,228,575	1,228,575
"	48	6	Turkey ...	5,000,000	{ 4,380,000 620,000
1859.	1	5	Alabama ...	100,000	100,000
"	3	5	Austria ...	6,000,000	
"	6	5	BRAZIL ...	503,000	503,000
"	40	3	RUSSIA ...	12,000,000	7,000,000
"	51	2½ to 3	VENEZUELA ...	{ See 1841 Loan }	2,809,100
"	51	1 to 1½	VENEZUELA ...		1,388,800
1860.	6	4½	BRAZIL ...	1,373,013	1,373,013
"	40	4½	RUSSIA ...	8,000,000	5,000,000
"	41		San Salvador (1825) ...	See Guatemala 1825 Loan	1,483½
"	48	6	Turkey ...	5,000,000	

Price of Issue per cent.	Agents for Issue.	Remarks.
80	Dent, Palmer, & Co.	Interest and Sinking Fund reduced in 1877.
	Committee of Bondholders	In default from 1 May, 1868 incl.
100		Interest guaranted by England.
102½	Rothschild & Sons	Interest guaranteed by England and France.
	Isaac & Samuel	In default from 1 Feb. 1876 incl.
	Baring Bros. & Co.	Arrears of 1824 Loan.
96	Rothschild & Sons	
92	Baring Bros. & Co.	
94½	Ricardo & Co.	Principally placed abroad.
85	Dent, Palmer, & Co.	In default from March, 1876.
62½		
80	Reid, Irving, & Co.	Converted into Internal Stock in 1870.
	Rothschild & Sons.	Renewal of 1829 Loan.
	Ditto	Unplaced balance withdrawn.
66½	I. Thomson, T. Bonar, & Co.	Defaulted in 1860. Interest reduced in 1862.
Active, Deferred	} Baring Bros. & Co.	In default from 1 Jan., 1865. From 1 July, 1876, the Coupons payable at 3s. per £1.
90	Rothschild & Sons	Of which £400,000 for Pernambuco Ry.
92	Baring Bros. & Co.	
	Kerford & Co.	Shut out from compromise of this year, viz., 90% of principal in cash. In default from Feb., 1828, at 6%.
62½	Bank of Turkey	Only 2,037,220 placed, chiefly in France. In default from Jan., 1876.



Year of Issue.	Index Number.	Rate of Interest per cent.	Name of State.	Total amount of Loan contracted for.	Amount of Loan Issued in London.
<b>1861.</b>					
"	14	4	DENMARK ...	£400,000	£400,000
"	33	2 to 3	New Granada ...	See 1845	777,500
<b>1862.</b>					
"	14	4	DENMARK ...	2,000,000	600,000
"	16	7	Egypt ...	2,195,200	2,195,200
"	16	7	Egypt ...	1,097,600	1,097,600
"	25	5	ITALY ...	1,782,000	1,338,000
"	31	5	MOROCCO ...	501,200	501,200
"	37	4½	Peru ...	5,500,000	5,288,300
"	38	3	PORTUGAL ...	5,000,000	4,000,000
"	40	5	RUSSIA ...	15,000,000	10,000,000
"	48	6	Turkey ...	8,000,000	8,000,000
"	51	6	VENEZUELA ...	214,000	214,000
"	51	6	VENEZUELA ...	1,000,000	1,000,000
<b>1863.</b>					
"	6	4½	BRAZIL ...	3,855,300	3,855,300
"	10	6	COLOMBIA ...	200,000	200,000
"	11	7	Confederate States	3,000,000	3,000,000
"	25	5	ITALY ...	28,000,000	3,000,000
"	38	3	PORTUGAL ...	2,500,000	1,250,000
"	41	8	San Salvador ...	400,000	
"	48	6	Turkey ...	8,000,000	4,000,000
"	51	6	Venezuela ...	1,000,000	
"	47	7	Tunis ...	1,573,840	1,573,840

Price of Issue per cent.	Agents for Issue.	Remarks.
	C. J. Hambro & Son Baring Bros. & Co.	Redemption of 1850 Loan. Arrears on 1845 Debt. Converted into Colombian $4\frac{1}{2}\%$ of 1873.
91	C. J. Hambro & Son	
82 $\frac{1}{2}$	Frühling & Goschen	First issue converted in 1876.
84 $\frac{1}{2}$	Ditto	Second issue ditto ditto.
74	C. J. Hambro & Son	Maremma Railway.
85	Robinson & Fleming and P. P. Blyth	
93	Heywood, Kennard, & Co.	Consolidation of earlier loans. Reconverted in 1865.
44	Knowles & Foster	
94	Rothschild & Sons	
68	Ottoman Bank and C. De- vaux & Co. Baring Bros. & Co.	In default from Jan., 1876.  Arrears of Active and Deferred of 1859. In default from Jan. 1865. Coupons from 1 July, 1876, payable at 3s. in the £1.
63	Ditto	In default from May 1865. Coupons from Nov. 1876, payable at 3s. in the £1.
88	Rothschild & Sons	Mainly a Conversion Loan.
86	London & County Bank	
90	Schröder & Co. & Erlanger & Co.	In default from Sept. 1865. Repudiated.
71	Rothschild & Sons	Part of Irredeemable rentes, representing in 1877 a capital of £297,040,000. Income- tax, $13\frac{1}{5}\%$ .
48	Stern Bros.	
85	Lewis H. Haslewood	Withdrawn.
72	Ottoman Bank	Chiefly held in France. In default from Jan., 1876.
60	Matheson & Co.	Subscriptions returned.
96	E. Erlanger & Co.	Converted in 1867.

Year of Issue.	Index Number.	Rate of Interest per cent.	Name of State.	Total amount of Loan contracted for.	Amount of Loan Issued in London.
<b>1864.</b>					
"	5	7	Bolivia ... ..	£1,000,000	
"	13	7	DANUBIAN PRINCIPALITIES	916,000	£916,000
"	14	5	Denmark ... ..	1,200,000	1,200,000
"	14	5	Denmark ... ..	728,000	728,000
"	16	7	EGYPT ... ..	5,704,200	5,704,200
"	30	6	Mexico ... ..	12,365,000	8,000,000
"	30	3	Mexico ... ..	4,864,800	4,864,800
"	40	5	RUSSIA ... ..	6,000,000	6,000,000
"	46	4½	SWEDEN ... ..	2,223,000	2,223,000
"	51	6	VENEZUELA ... ..	1,500,000	930,000
"	50	6	Uruguay ... ..	1,000,000	1,000,000
<b>1865.</b>					
"	3	5	Austria ... ..	14,583,676	
"	6	5	BRAZIL ... ..	6,963,500	6,963,500
"	25	5	ITALY ... ..	8,000,000	2,500,000
"	37	5	Peru ... ..	10,000,000	{ 7,000,000 2,000,000
"	48	6	Turkey ... ..	6,000,000	6,000,000
"	48	5	Turkey ... ..	36,363,640	3,636,360
<b>1866.</b>					
"	2	6	Argentine Confed- eration ... ..	2,500,000	550,000
"	8	6	Chili ... ..	450,000	450,000
"	16	7	EGYPT ... ..	3,387,300	1,693,600
"	16	7	Egypt ... ..	3,000,000	3,000,000
"	40	5	RUSSIA ... ..	6,000,000	6,000,000
"	29	5	MASSACHU- SETTS ... ..	826,600	413,300

Price of Issue per cent.	Agents for Issue.	Remarks.
88	London & County Bank	Subscriptions returned.
86	Ottoman Bank & Stern Bros.	Paid off.
93	C. J. Hambro & Son	Redeemed in 1877.
94½	Raphael & Sons	Redemption reduced to 80% from 1876.
93	Frühling & Goschen	Chiefly converted into French Lottery Loan of 1865. Chief holder, French Government. Repudiated.
63	Glyn, Mills, & Co., Intl. Finl. Socty., Credit Mo- bilier Society	Arrears on 1851 Debt. In default from Jan. 1867 incl.
85	Baring Bros. and Hope & Co.	Anglo-Dutch Loan.
92½	J. H. Schröder & Co.	In default from April 1867. Coupons from Oct. 1876, payable at 3s. in the £1.
60	General Credit & Fince. Co.	Converted in 1871.
60	Maua, M'Gregor, & Co.	
66½	Agra & Masterman's Bank	Consolidated into Internal Stock in 1870.
74	Rothschild & Sons	
77½	General Credit & Fince. Co.	First State Domain Loan.
83½	I. Thomson, T. Bonar, & Co.	} Conversion of earlier Loans Paid off 1872.
83½	Mullins, Marshall, & Co., and others	
65½	Ottoman Bank	In default from Jan., 1876.
50	General Credit and Finance Co. and E. Erlanger & Co.	£26,363,636 reserved for Conversion of Internal Loans. In default from Jan. 1876.
75	Baring Bros. & Co. and Hope & Co.	Converted in 1868 with unplaced balance.
92½	I. Thomson, T. Bonar, & Co. and J. Gerstenberg	Paid off.
90	Anglo-Egyptian Bank	Redemption reduced to 80% from 1876.
92	Frühling & Goschen	Railway Debentures paid off 1 Jan., 1874.
86	Baring Bros. & Co. and Hope & Co.	Anglo-Dutch Loan
77	Ditto	Redeemable in 1894.

Year of Issue.	Index Number.	Rate of Interest per cent.	Name of State.	Total amount of Loan contracted for.	Amount of Loan Issued in London.
<b>1867.</b>					
"	8	6	CHILI ... ..	£2,000,000	£2,000,000
"	8	7	CHILI (1866) ...	1,120,920	626,700
"	13	8	DANUBIAN PRINCIPALITIES	1,264,420	1,264,420
"	16	9	EGYPT ... ..	2,080,000	2,009,200
"	22	4½	HOLLAND ...	339,000	339,000
"	23	5	Honduras ...	See Guatemala 1825 Loan	90,000
"	23	10	Honduras ...	1,000,000	1,000,000
"	29	5	MASSACHUSETTS ...	413,300	413,300
"	38	3	PORTUGAL ...	5,500,000	4,500,000
"	40	4	RUSSIA ... ..	12,000,000	12,000,000
"	40	5	RUSSIA ... ..	1,694,400	.
"	40	5	RUSSIA ... ..	4,500,000	4,500,000
"	45	3	Spain ... ..	34,595,000	
"	47	5	Tunis ... ..	5,000,000	
"	52	5	Virginia ... ..	93,250	93,250
<b>1868.</b>					
"	2	6	ARGENTINE CONFEDERAT <sup>N</sup> .	2,500,000	1,950,000
"	16	7	Egypt ... ..	11,890,000	11,890,000
"	24	5	HUNGARY ...	8,512,560	8,512,560
"	25	6	ITALY ... ..	9,404,762	9,404,762
"	40	5	RUSSIA ... ..	1,920,000	1,920,000
"	40	5	RUSSIA ... ..	4,349,280	2,000,000
"	40	5	RUSSIA ... ..	1,716,000	1,300,000
"	45	8	Spain (Cuba) ...	2,335,000	2,335,000
"	46	5	SWEDEN ...	1,150,000	1,150,000

Price of Issue per cent.	Agents for Issue.	Remarks.
84 92	J. S. Morgan & Co. Ditto	Re-issue of a native Loan of 1866.
71 90	Frühling & Goschen Imperial Ottoman Bank and Oppenheim	Redemption reduced to 80% from 1876.
89	Horstman & Co. and J. Gerstenberg Haslewood & Co.	Dutch Indian Railway. £55,000 Bonds compromised the old Debt. In default from April 1873.
80	Bischoffsheim & Goldschmidt and London & County Bank	In default from Jan. 1873.
77 38½	Baring Bros. & Co. Stern Bros.	First Nicolai Railway Issue.
61	Baring Bros. & Co. and Hope & Co.	
	Baring Bros. & Co. and Continental Firms	
77½	I. Thomson, T. Bonar & Co.	
63	E. Erlanger & Co.  Baring Bros. & Co.	Orel Vitebsk Railway Shares. Placed chiefly abroad. Orel Vitebsk Railway Bonds. Partly conversion Loan. Mainly conversion of 1863 and 1865 Loans. Part of Jan., 1878, Coupon in default. Mainly held abroad. Arrears, July, '62, to Jan., '67 of '51 Loan.
72½	Baring Bros. & Co. and Hope & Co.	Conversion and re-issue of 1866 Loan.
75 71⅔	Imperial Ottoman Bank London & County Bank	Converted in 1876. Hungary contributes to service of General Austrian Debt, since 1867, about £2,630,000 per annum.
81¾	Stern Bros.	Tobacco Loan.
78	Baring Bros. & Co.	Moscow-Jaroslav Railway.
80	Raphael & Sons	Charkoff-Azoff Railway.
80	J. H. Schröder & Co.	Charkoff-Krementschug Railway.
91	Bischoffsheim & Goldsmidt	Subscriptions returned.
90	Raphael & Sons.	

Year of Issue.	Index Number.	Rate of Interest per cent.	Name of State.	Total amount of Loan contracted for.	Amount of Loan Issued in London.
<b>1869.</b>					
„	1	8	Alabama ... ..	£1,044,000	£1,044,000
„	21	6	Guatemala ... ..	500,000	500,000
„	22	4½	HOLLAND ... ..	932,250	398,300
„	25	5	ITALY ... ..	5,200,000	5,200,000
„	37	5	Peru ... ..	290,000	290,000
„	38	3	PORTUGAL ... ..	12,000,000	8,650,000
„	39	7	Roumania ... ..	435,521	435,521
„	39	7½	Roumania ... ..	1,500,000	1,500,000
„	40	4	RUSSIA ... ..	11,110,000	11,110,000
„	43	6	Santo Domingo ... ..	757,700	757,700
„	45	3	SPAIN ... ..	36,017,000	8,000,000
„	48	6	Turkey ... ..	22,222,220	22,222,220
<b>1870.</b>					
„	1	8	Alabama ... ..	400,000	400,000
„	3	5	AUSTRIA ... ..	97,548,680	{ Conversion of exist- ing Loans into In- ternal Bonds }
„	3	5	AUSTRIA ... ..	105,711,918	
„	7	6	BUENOS AYRES ... ..	1,034,700	
„	8	5	CHILI ... ..	1,012,700	
„	16	7	EGYPT ... ..	7,142,860	
„	19	6	France ... ..	10,000,000	
„	23	10	Honduras ... ..	2,500,000	
„	26	9	JAPAN ... ..	1,000,000	
„	29	5	MASSACHU- SETTS ... ..	619,800	
„	37	6	Peru ... ..	11,920,000	
„	39	7	ROUMANIA ... ..	434,332	434,332
„	39	7½	Roumania ... ..	600,000	600,000
„	40	5	RUSSIA ... ..	12,000,000	12,000,000
„	45	5	SPAIN ... ..	2,318,000	2,318,000
„	45	3	SPAIN ... ..	34,300,000	Conversion of 1841, '51 and 1856 Debt



Price of Issue per cent.	Agents for Issue.	Remarks.
81	J. H. Schröder & Co.	Surrendered in 1876 in connection with Alabama and Chattanooga Railway.
70½	I. Thomson, T. Bonar, & Co. and J. Gerstenberg	In default from October 1875.
91½	Samuel, Montagu, & Co.	Dutch Indian Railway.
73⅜	Anglo-Italian Bank	Second State Domain Loan.
71	I. Thomson, T. Bonar, & Co.	Pisco and Yca Railway. In default from Jan. 1876.
32½	Stern Bros.	
90	C. Devaux & Co.	Bucharest Guirgevo Railway. Redeemed '77.
71¾	Anglo-Austrian Bank	Railways. Converted in 1872 into 5% Shares.
63	Baring Bros. & Co. and Hope & Co.	Second Nicolai Railway Loan.
70	P. Lawson & Sons and E. Hartmont	In default from Jan. 1873.
29½	J. S. Morgan & Co.	
60½	Comptoir d'Escompte and Louis Cohen & Co.	In default from April 1876.
94½	J. H. Schröder & Co.	Surrendered in 1876 for mortgaged lands.
	Rothschild & Sons and others	Silver rentes.
		Paper rentes.
88	C. de Murrieta & Co.	
83	J. S. Morgan & Co.	
78½	Bischoffsheim & Goldschmidt	Interest and redemption reduced in 1877.
85	J. S. Morgan & Co.	Redeemed.
80	Bischoffsheim & Goldschmidt	In default from Jan. 1873.
98	J. H. Schröder & Co.	
87	Baring Bros. & Co.	Redeemable in 1900.
82½	J. H. Schröder & Co.	In default from Jan. 1876 incl.
86	C. Devaux & Co.	Iron Bridges Annuities. The Coupon of 1st Oct. 1877 was paid on 15 Feb., 1878.
72	Anglo-Austrian Bank	Railways. Converted in 1872 into 5% Shares.
80	Rothschild & Sons	First Consolidated Railway Issue.
80	Ditto.	Quicksilver Loan.



Year of Issue.	Index Number.	Rate of Interest per cent.	Name of State.	Total amount of Loan contracted for.	Amount of Loan Issued in London.
<b>1871.</b>					
"	2	6	ARGENTINE CONFEDERAT <sup>N</sup>	£6,122,400	£6,122,400
"	6	5	BRAZIL ...	3,459,600	3,459,600
"	12	6	Costa Rica ...	500,000	500,000
"	12	6	Costa Rica ...	500,000	500,000
"	19	5	FRANCE ...	111,119,112	
"	22	5	Holland ...	189,000	189,000
"	24	5	HUNGARY ...	3,000,000	3,000,000
"	27	7	Liberia ...	100,000	100,000
"	28	8	Louisiana ...	600,000	400,000
"	29	5	MASSACHU-SETTS ...	619,900	
"	36	8	Paraguay ...	1,000,000	1,000,000
"	40	5	RUSSIA ...	12,000,000	12,000,000
"	45	6	SPAIN ...	2,622,781	2,622,781
"	45	3	SPAIN ...	20,727,000	6,375,000
"	48	6	TURKEY ...	5,700,000	5,700,000
"	49	5	UNITED STATES	40,000,000	
"	50	6	Uruguay ...	3,500,000	3,500,000
"	52	5	Virginia ...	79,262	79,262
<b>1872.</b>					
"	2	6	ARGENTINE CONFEDERAT <sup>N</sup>		1,225,000
"	5	6	Bolivia ...	1,700,000	1,700,000
"	12	7	Costa Rica ...	2,400,000	1,496,100
"	17	7	ENTRE RIOS ...	226,800	226,800
"	19	5	FRANCE ...	165,622,048	
"	23	10	Honduras ...	15,000,000	15,000,000
"	29	5	MASSACHU-SETTS ...	743,500	443,500
"	36	8	Paraguay ...	2,000,000	562,200

Price of Issue per cent.	Agents for Issue.	Remarks.
88½	C. de Murrieta & Co.	
89	Rothschild & Sons	
72	Bischoffsheim & Goldschmidt	First issue. In default from 1 Nov. 1874, inclusive.
74		Second issue. Ditto ditto.
82½		
	Baring Bros. & Co. Roths- child & Sons	
90½	Samuel, Montagu, & Co.	Dutch-Indian Railways. Paid off in 1875.
81	Raphael & Sons	
85	Holderness, Nott, & Co.	In default from 1 Aug., 1874, inclusive.
84¾	Robinson & Fleming	Levéé Bonds. Converted in 1874.
91	Baring Bros. & Co.	Redeemable in 1889.
80	Robinson & Fleming	In default from 15 June, 1874, inclusive.
81½	Rothschild & Sons	Second Consolidated Railway Issue.
80	Stern Bros.	National Lands Loan.
31	Spanish Financial Comn.	
73	Dent, Palmer, & Co.	Interest and sinking fund reduced in 1877.
102¾	Baring Bros. & Co., Roths- child & Sons, and others	Funded Loan.
72	I. Thomson, T. Bonar, & Co. Baring Bros. & Co.	In default from 1 Aug., 1876. Arrears of 1851 and 1867 Debt.
76	Stern Bros.	Internal Hard Dollar Loan.
68	Lumb, Wanklyn, & Co.	In default from July 1875, inclusive.
82	Knowles & Foster	Ditto April, '74. Balance chiefly pledged.
90	C. de Murrieta & Co.	
84½	Baring Bros. & Co., and Rothschild & Sons	
80	Don Carlos Gutierrez	Ship Loan. Withdrawn.
93	M'Calmont Bros.	Redeemable in 1891.
85	Robinson & Fleming	In default from 1 July, 1874. Balance un- placed.

Year of Issue.	Index Number.	Rate of Interest per cent.	Name of State.	Total amount of Loan contracted for.	Amount of Loan Issued in London.
<b>1872.</b> (Cont.)					
"	37	5	Peru ... ..	£36,800,000	£15,000,000
"	39	5	ROUMANIA ...	9,806,400	See 1869 and 1870 Loan
"	40	5	RUSSIA ... ..	15,000,000	15,000,000
"	40	5	RUSSIA ... ..	1,760,000	1,760,000
"	45	3	SPAIN ... ..	35,025,265	9,000,000
"	48	9	Turkey ... ..	11,126,200	11,126,200
<b>1873.</b>					
"	7	6	BUENOS AYRES	2,040,800	2,040,800
"	8	5	CHILI ... ..	2,276,500	2,276,500
"	10	4½	COLOMBIA ...	2,000,000	2,000,000
"	16	7	Egypt ... ..	32,000,000	
"	24	5	HUNGARY ...	5,400,000	5,400,000
"	24	6	HUNGARY ...	7,500,000	7,500,000
"	26	7	JAPAN ... ..	2,400,000	2,400,000
"	29	5	MASSACHU- SETTS ... ..	267,000	123,800
"	40	5	RUSSIA ... ..	15,000,000	15,000,000
"	45	3	SPAIN ... ..	1,482,670	
"	48	6	Turkey ... ..	27,777,780	8,000,000
"	49	5	UNITED STATES	60,000,000	
<b>1874.</b>					
"	2	6	ARGENTINE CONFEDERAT <sup>N</sup>		357,863½
"	4	3	BELGIUM ...	1,440,000	1,440,000
"	24	6	HUNGARY ...	7,500,000	7,500,000
"	34		Nicaragua (1825)	See Guate- mala 1825 Loan	27,217
"	42	7	SANTA FE ...	300,000	300,000
"	48	5	Turkey ... ..	40,000,000	15,900,000

Price of Issue per cent.	Agents for Issue.	Remarks.
77½  89 87½ 28¾ 98½	J. H. Schröder & Co. and Stern Brothers  Rothschild & Sons C. J. Hambro & Son Spanish Financial Comn. Raphael & Sons	21,800,000 consolidation of earlier loans. 15,000,000 new loan. In default from 1 Jan. 1876. Conversion of 7½% Bonds into shares of railways company. Third Consolidated Railway Issue. Kursk, Charkoff, Azoff Railway.  Treasury Bonds. In default from Jan., 1876.
89½ 94  84½ 80 89 92½	Baring Bros. & Co. Oriental Bank Corporation London and County Bank  Bischoffsheim & Goldschmidt Raphael & Sons Rothschild & Sons Oriental Bank Corporation	Conversion of New Granada, 1845 and 1861 Loans. Converted in 1876.  Treasury Bonds due 1 Dec., 1878.
91½ 93  58½ 102¾	Baring Bros. & Co. Rothschild & Sons Spanish Financial Comn.  Imperial Ottoman Bank Baring Bros. & Co., Roths- child & Sons, and others	Redeemable in 1895. Fourth Consolidated Railway Issue. Conversion of one-third of Dec., 1872, Coupon of the 3% External Debt. In default from April, 1876. Funded Loan.
80 75½ 91½  92 43½	Stern Bros. Baring Bros. & Co. Rothschild & Sons  C. de Murrieta & Co. Imperial Ottoman Bank	Internal Hard Dollar Loan.  Treasury Bonds due 1 Aug., 1879. Compromise at about 84% of principal in cash, accepted by about two-thirds of holders.  In default from Jan. 1876.

Year of Issue.	Index Number.	Rate of Interest per cent.	Name of State.	Total amount of Loan contracted for.	Amount of Loan Issued in London.
<b>1875.</b>					
"	6	5	BRAZIL ... ..	£5,301,200	£5,301,200
"	8	5	CHILI ... ..	1,900,000	1,100,000
"	29	5	MASSACHU- SETTS ... ..	309,500	309,500
"	40	4½	RUSSIA ... ..	15,000,000	15,000,000
"	45	3	SPAIN ... ..	13,302,500	For funding coupons due in '73 & June '74 of 3% Ext. Debt.
"	46	4½	SWEDEN ... ..	982,125	982,125
<b>1876.</b>					
"	9	8	CHINA ... ..	274,915	274,915
"	35	4½	NORWAY ... ..	1,320,000	1,320,000
"	38	5	PORTUGAL ... ..	306,400	306,400
"	46	4½	SWEDEN ... ..	2,000,000	1,500,000
"	49	4½	UNITED STATES	60,000,000	
<b>1877.</b>					
"	9	8	CHINA ... ..	1,604,276	1,604,276
"	16	5	EGYPT ... ..	17,000,000	10,800,000
"	16	6 to 7	EGYPT ... ..	59,000,000	20,700,000
"	24	6	HUNGARY ... ..	8,000,000	8,000,000
"	38	3	PORTUGAL ... ..	6,500,000	4,000,000
"	45	2	SPAIN ... ..	13,213,400	... ..
"	48	5	TURKEY ... ..	5,000,000	5,000,000
"	49	4	UNITED STATES	140,000,000	

Price of Issue per cent.	Agents for Issue.	Remarks.
96 $\frac{1}{2}$ 88 $\frac{1}{4}$	Rothschild & Sons Oriental Bank Corporation	Balance of Loan reserved.
98 92	Baring Bros. & Co. Rothschild & Sons Spanish Financial Comn.	Redeemable in 1895. Fifth Consolidated Railway Issue. This brings the total of the 3 $\frac{1}{2}$ % External Debt, in 1877, to £175,302,130, the in- terest of which is temporarily reduced to 1 $\frac{1}{2}$ % per annum.
98 $\frac{3}{4}$	E. Erlanger & Co.	
100	Hong-Kong & Shanghai Banking Corporation	Second Loan. First issued in Hong-Kong.
96 $\frac{1}{2}$ 83 $\frac{1}{2}$	C. J. Hambro & Son Société de Dépôts et de Comptes Courantes	
96 $\frac{1}{2}$	C. J. Hambro & Son	
103 $\frac{1}{2}$	Rothschild & Sons, Morgan & Co., and others	Funded Loan.
98	Hong Kong & Shanghai Banking Corporation	Third Foreign Loan
	Comptoir d'Escompte Ditto	Preference Bonds } Conver. of '62, '63, & '73 Unified Debt } Loans & Treasury Debt
83 $\frac{1}{2}$	Rothschild & Sons	£4,500,000 reserved for redemption of 6 $\frac{1}{2}$ % Loan of 1873.
50	Baring Bros. & Co.	This brings the total of the External 3 $\frac{1}{2}$ % of 1853, 56, 57, 59, 60, 62, 63, 67, 69, and 77 to £34,265,366.
	Spanish Financial Comn.	Issued at par, redeemable within fifteen years, at 50 $\frac{1}{2}$ %, for Coupons of 3 $\frac{1}{2}$ % Ex- ternal Debt due Dec. 1874, June and December 1875 and '76.
52	Imperial Ottoman Bank	Based on Egyptian Tribute, released by 1854 and 1871 bondholders.
102 $\frac{3}{4}$	Rothschild & Sons, J. S. Morgan, and others	Funded Loan.

LONDON :  
PRINTED BY WERTHEIMER, LEA AND CO.,  
CIRCUS PLACE, FINSBURY CIRCUS.

SIXTH ANNUAL GENERAL REPORT  
OF THE COUNCIL  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS,

*Incorporated on the First of August, 1873,  
by Licence of the Board of Trade.*

---

FOR THE YEAR 1878.

---

TO BE SUBMITTED TO THE  
GENERAL COURT OF MEMBERS OF THE CORPORATION  
CONVENED FOR

THE 28<sup>TH</sup> OF FEBRUARY, 1879, AT 3 O'CLOCK,

*At the Councilhouse, 17, Moorgate Street,  
in the City of London.*

---

LONDON:  
COUNCILHOUSE, No. 17, MOORGATE STREET,  
FEBRUARY, 1879.





SIXTH ANNUAL GENERAL REPORT  
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*At the Councilhouse, 17, Moorgate Street,  
in the City of London.*

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L O N D O N :  
COUNCILHOUSE, No. 17, MOORGATE STREET,  
FEBRUARY, 1879.

# THE CORPORATION OF FOREIGN BONDHOLDERS.

## NOTICE OF GENERAL MEETING.

NOTICE IS HEREBY GIVEN, that the SEVENTH ORDINARY GENERAL MEETING of the CORPORATION OF FOREIGN BONDHOLDERS will be held at the COUNCILHOUSE, No. 17, Moorgate Street, in the City of London, on FRIDAY, the 28TH day of FEBRUARY, 1879, at Three o'clock in the Afternoon, for the following purposes:—

- (1.) To consider the Report of the proceedings of the Council, and the Statement of Accounts made up to the 31st December, 1878.
- (2.) To elect five Members of the Council, in place of the Right Honourable E. P. Bouverie, Mr. A. B. Abraham, General Sir George Balfour, Mr. F. Bennoch, and the Right Honourable G. A. F. Cavendish-Bentinck, who retire by rotation, but being eligible, offer themselves for re-election.
- (3.) To elect Auditors for the ensuing year. Messrs. Cooper, Wintle and Co., the retiring Auditors, offer themselves for re-election.
- (4.) To transact all such other business as may be transacted at Ordinary Meetings of the Corporation, and to pass Resolutions thereon.

By Order of the Council,

HYDE CLARKE,

*Secretary.*

COUNCILHOUSE,

17, MOORGATE STREET, E.C.,

18th February, 1879.

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# MEMBERS OF THE COUNCIL.

---

RIGHT HON. EDWARD PLEYDELL-BOUVERIE, *Chairman.*

SIR JOHN LUBBOCK, BART., M.P., F.R.S., } *Deputy*  
RICHARD BIDDULPH MARTIN, ESQ. } *Chairmen.*

AUGUSTUS B. ABRAHAM, ESQ.  
GENERAL SIR GEORGE BALFOUR,  
K.C.B., M.P.  
FRANCIS BENNOCH, ESQ.  
RIGHT HON. G. A. F. CAVENDISH  
BENTINCK, M.P.  
LIONEL N. BONAR, ESQ.  
JOHN HENRY DANIELL, ESQ.  
ROGER EYKYN, ESQ.  
THE RIGHT HON. LORD KINNAIRD.  
SIR FRANCIS LYCETT.

HON. HUGH McCULLOCH.  
SIR JOHN ROSE, BART., G.C.M.G.  
SIR PHILIP ROSE, BART.  
E. H. SCOTT, ESQ.  
CORNELIUS SURGEY, ESQ.  
GEORGE CAVENDISH TAYLOR, ESQ.  
WILLIAM TROTTER, ESQ.  
HENRY TUDOR, ESQ.  
SIR HENRY W. TYLER.  
LT.-GENERAL J. L. VAUGHAN, C.B.  
T. M. WEGUELIN, ESQ., M.P.

## Secretary.

HYDE CLARKE, ESQ.

## Standing Counsel.

T. W. SNAGGE, ESQ.

## Solicitors.

MESSRS. TRAVERS SMITH AND BRAITHWAITE.

MESSRS. NORTON, ROSE, NORTON AND BREWER.

## Notary.

WILLIAM GRAIN, ESQ.

## Auditors.

MESSRS. COOPER, WINTLE AND CO.

## Bankers.

MESSRS. ROBERTS, LUBBOCK AND CO.

# SIXTH REPORT

OF THE

## CORPORATION OF FOREIGN BONDHOLDERS.

---

### ANNUAL REPORT OF THE COUNCIL.

THE Council submit, with satisfaction, the enclosed accounts for the twelve months ending the 31st December, 1878, to the approval of the Members of the Corporation.

The Council have determined to redeem thirty of the Certificates of Contribution of the Corporation—which will therefore be drawn and paid off at par, with 5 per cent. interest from their date, in accordance with the Charter of Incorporation. This will leave £45,900 of principal, due to the Founders, for the capital advanced by them.

The usefulness of the Corporation, and the value of the idea, to which it owed its origin, and on which it has been framed, and has been hitherto worked, are, year by year, becoming more demonstrable, by the experience of the public advantage, derived from the action of the Council.

Examples of this advantage will be found in the Appendix.

The aid of the Council has been largely invoked, and its exertions have been freely and readily made, on behalf of the creditors of Foreign States, who are usually without any adequate organisation. These creditors have no recognised method of making their common voice effectively and continuously heard, and are generally wanting in any common financial resource, without which, it is extremely difficult, if not impossible, to take any prompt or vigorous action, in their own defence, or in the assertion of their rights. There seems to be little, or no likelihood of such aid, as is thus rendered by the Council, becoming less requisite in the future, or any probability of a diminution of the wide field, which is offered for its exertions.

The charges and outlay attendant upon or incidental to the liquidation or conversion of a Foreign Loan in default are, as a rule, necessarily heavy. The preliminary negotiations are often protracted, and sometimes involve expensive missions or agencies, and thus a large expenditure of money and labour is frequently incurred before any solid result is actually secured. It is obvious that no distribution of proceeds so obtained among the holders of the Security in default can be pronounced to be strictly just where provision is not made for a fair and equable assessment upon the whole body of holders, so that each may be made to bear his share, and no more than his share, of the burden of expense.

There does not appear to be much difficulty in arriving at a just estimate, in gross, of the amount so to be assessed, but experience has shown that it is not always possible to distribute the burden or enforce a rateable contribution.

It has been found that defaulting Governments, even when willing to make a compromise with their creditors through the medium of the Council or an ordinary Committee, cannot always be induced to allot specially a further amount

to meet an outlay over which they have had no control, and it has been urged with show of reason, that the payment of a lump sum by a defaulting debtor to a liquidator, representing or acting for the creditors, is open to objection. On the other hand, it has been found to be practically impossible to procure the deposit of the whole, or, at best, more than a majority of the defaulting bonds actually in existence or outstanding.

The compounding Government, whose object is generally the restoration of its financial credit and the extinguishment or conversion of the particular debt, is unwilling that non-depositing creditors should be shut out from their share in the distribution; and yet, where the liquidation or conversion is carried through more than one conduit of communication, there is little or nothing to prevent a section of Bondholders from holding aloof until the preliminary negotiations are concluded, and the net proceeds of the operation are ready for conversion; when, singly or through a new Committee, they may claim the conversion of their securities under the arrangement, leaving the earlier depositors, to whose resolution and loyalty the successful result is largely due, to bear the heavier share of the burden.

Thus a section of the holders may in the end be placed in a more favourable position. The subject engages the careful attention of the Council, who are not without hope that a solution may be found for the difficulty. It has been suggested that a stipulation in every arrangement concluded by the Council with a Foreign Government for the conversion of its existing Bonds and Coupons should be that no outstanding Bonds or Coupons should be recognised as entitled to share in the conversion unless accompanied by a Certificate stamped or affixed by the Council, the condition of the grant of such a stamp or Certificate being the payment to the Council of the rateable assessment or contribution



due on account of expenses in respect of the particular Bonds or other securities in question.

It is in the East that there is the largest accumulation of Public State Debt in default.

The past year was fraught with momentous issues for Turkey, and as her welfare is of the utmost consequence to her creditors, the financial results of these issues will necessarily be watched with the keenest interest, by that portion of the investing public, who trusted in the good faith of the Porte.

The Council took the requisite measures, to bring the full claims of the Bondholders, under the notice of Her Majesty's representatives at the Congress of Berlin, and although no immediate tangible results have as yet accrued to the Bondholders, the Congress nevertheless took some important steps affecting the position of the Bondholders, which may be shortly summarized as follows:—

1st. It reduced the amount of the Turkish Debt, to be eventually dealt with, by assigning some portions of it, to be subsequently defined, to Bulgaria, Servia, and Montenegro.

2nd. It elicited the important declaration from Russia, with regard to her indemnity, that she would respect the rights of anterior hypothecations, thus placing the secured Loans, at least, in a preferential position. The importance of this declaration will be apparent, when it is considered that about two-thirds of the present Turkish Revenue are thus hypothecated.

3rd. It recommended to the Porte the establishment of a Financial Commission, in which experts selected by the Governments interested are to take part. This Commission will examine into the complaints of the Bondholders, and propose the most efficacious means for satisfying them, so far as is compatible with the financial situation of the Government.

The Council believe, that it would be useless to discuss the various schemes of arrangement, which have emanated from time to time, from sources more or less interested only in special portions of the Debt. Such a discussion could not lead to any practical result at present; it would, in their opinion, rather increase than diminish the want of union, already apparent among the various classes of Bondholders, and which is insisted on by the Turkish Government, as an insuperable obstacle to any proposal of an arrangement by themselves. This disunion will probably disappear in the face of such facts, as may be brought out by a searching inquiry, made under authority, and with the knowledge of the Governments interested.

The tribute, to be paid by Bulgaria, cannot be determined before the autumn of 1880 at the earliest, nor the share of the Debt, which she will have to take upon herself.

Nothing has as yet been decided on the question, whether Bulgaria, Servia, and Montenegro will issue their own obligations for the part of the Debt assigned to them, nor how the appropriations of the revenues of these States will be made, to meet the claims of the Bondholders.

A solution of these questions is necessary, before even the extent of the Turkish Debt, remaining to be dealt with, can be ascertained.

The mode of payment of the Russian Indemnity has not yet been agreed upon, and while an indefinite liability hangs over the destinies of Turkey, she cannot be expected to put her finances in order, or to introduce the requisite reforms.

Whatever the amount which Turkey will be ultimately able to set aside, for the benefit of her funded creditors, there ought to be no insuperable difficulty in apportioning it in such a manner, as will be just to the various classes of Bondholders.

Turkey may not like to submit to restrictions or control

in her financial administration, but necessity will teach her, with daily increasing force, that she must, for the sake of her very existence, place her finances into skilled hands, better able to take care of them than she can do herself.

The Council are glad to be able to report, that the protracted, and complicated negotiations, relating to the Alabama and Chattanooga First Mortgage Endorsed Bonds of 1869, have at last been brought to a definite conclusion, and that the net share of New State Bonds, to which, upon a surrender of the Endorsed Bonds, the Holders became entitled, has been arranged to be distributed. In addition, a considerable number of Holders have availed themselves of an option secured to them, through the Council, to become Preference Shareholders in the Re-organised Railroad Company (Limited), which is managed by an English Board of Directors, and thus to participate in the benefit of the Foreclosure Sale of the railroad, and the probable improvement of the property. Full details of the steps, which were taken by the Council and the Committee appointed by the Bondholders, have been, from time to time, communicated to the Bondholders by occasional printed Reports, which attest the difficult and perplexing nature of the task which the Council undertook, at first, in conjunction with the Committee, and afterwards, at the request of the Bondholders, alone and unaided. The net result, obtained for every Holder of these bonds, may be briefly stated thus:—First, a *payment* in New Alabama State Bonds, by way of compromise by the State of Alabama in respect of the indorsement of the bonds by the Governor. Secondly, an *option* to become a Preference Shareholder in the Re-organised Railroad Company, and thereupon to receive a *bonus* of £200 (the nominal amount of the original bond) in fully paid-up shares of the Company. On the 31st January, 1879, the Council published their Final Report to the Holders of these

bonds, including a summary of the expenses from the beginning of the negotiations, which extended over a period of nearly six years, no assessment having been made during that time upon the Holders. On the 4th February a General Meeting of the Bondholders was held at the Councilhouse, pursuant to advertisement, when Resolutions were passed, approving of the Report and Account submitted by the Council, and requesting the Council to call in the Certificates of Deposit for discharge.

Mr. Bouverie, Mr. Abraham, Sir G. Balfour, Mr. Bennoch, and Mr. G. Cavendish Bentineck, retire from the Council by rotation, and offer themselves for re-election.

Messrs. Cooper, Wintle and Co., the retiring Auditors, also offer themselves for re-election.

E. P. BOUVERIE, *Chairman.*

HYDE CLARKE, *Secretary.*

*February 10th, 1879.*

## APPENDIX TO REPORT.

---

### AUSTRIA.

#### SOUTH AUSTRIAN (LOMBARDO-VENETIAN) RAILWAY.

Several Bondholders having expressed a desire that the Council should act on their behalf in enquiring as to the financial position of this Railway, an advertisement was inserted in the London newspapers, indicating the willingness of the Council to take active steps on behalf of the interests of the holders of shares and obligations, should a sufficiently extensive requisition be made to them.

The number of applications received, however, did not represent a sufficiently large amount of shares to justify the calling a meeting of holders, or to confer a mandate on the Council to act on their behalf.

It is understood, however, that the prospects of the Company have since improved.

## BOLIVIA.

## Committee of Bolivian Bondholders.

A. W. Ray, Esq., *Chairman*.  
 Thos. Cave, Esq., M.P., *Deputy*  
*Chairman*.  
 Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 H. C. Batchelor, Esq.  
 Fras. Bennoch, Esq.  
 Lionel N. Bonar, Esq.

John Coxhead, Esq.  
 R. Reader Harris, Esq.  
 H. E. Ormerod, Esq.  
 H. E. Trehwella, Esq., M.D.

*Secretary.*

Hyde Clarke, Esq.

In conformity with the resolutions passed by a Public General Meeting of Bondholders, held on the 22nd January, 1878, at the Cannon-street Hotel, notices were issued by the Committee, calling on the Bondholders to deposit their Bonds at the Alliance Bank.

These appeals have been readily responded to, and the amount of Bonds already deposited by the Holders reaches the large sum of £1,317,600, or about four-fifths of the total amount of Bonds outstanding. Certificates have been issued to the Bondholders, of the same nominal amount as the Bonds, and negotiable, in all respects, in the same way as the Bonds themselves. To these Certificates a quotation has been granted by the Committee of the Stock Exchange.

Meanwhile contracts were being made by Colonel Church with Messrs. Collins & Co., of Philadelphia, for the con-

struction of the Madeira and Mamoré Railway, (the original purpose for which the loan was raised,) and four vessels have been despatched by that firm to the Amazon River, with materials, and labourers, for that purpose. One of these vessels was wrecked on her voyage out, and it is said that the works are making very slow progress.

Various efforts have been made to obtain part of the Bolivian Fund in the Bank of England, on the production of Engineers' Certificates for work done, but the Trustees for the Bondholders, with the sanction and approval of the Court, have invariably refused to give up any portion of the Fund, pending the existing litigation.

An action was also brought by Messrs. Reed Brothers, contractors, against the Madeira and Mamoré Railway Company and others, for compensation for breach of contract, such compensation to be paid them out of the Fund in the Bank of England. In the result a decree was made by Vice-Chancellor Bacon, declaring that the Plaintiffs were not entitled to a lien on the Trust Fund, and directing proceedings in the action, as against the Trustees, to be stayed.

The action brought by the Bondholders against the National Bolivian Navigation Company, and the Madeira and Mamoré Railway Company and others, entitled "*Wilson v. Church*," has not yet been tried, but it is expected that it will be reached in the course of the next few months.

# COLOMBIA, UNITED STATES OF (NEW GRANADA).

## Colombian Committee.

The Right Hon. E. Pleydell-Bouverie, *Chairman of the Council of Foreign Bondholders, Chairman.*

W. T. F. M. Ingall, Esq.

E Jeggins, Esq.

A. Northen, Esq.

F. C. Pawle, Esq.

E. Wright, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Bankers for the  $4\frac{3}{4}\%$  Loan.*

London and County Bank.

*Bankers for the 6% Loan.*

London and County Bank.

*Agent at Bogotá.*

Charles O'Leary, Esq., H.B.M.'s  
V.-Consul.

## $4\frac{3}{4}$ PER CENT. LOAN OF 1873.

Under an arrangement, which Mr. O'Leary, the Agent of the Bondholders at Bogotá, made with the Colombian Government in June, 1877, it was agreed that the then outstanding arrears of dividend should be paid off by four quarterly instalments, and the first payment was made in the October following.

But in January, 1878, the Government considered it would be more convenient to continue the liquidation by monthly sums of proportionate amount, and they continued to make them until the arrears were finally discharged, by the last payment on this account, made in Colombia on the 17th October, 1878.

By the 1st Article of the Convention of the 1st January, 1873, under which the Bonds of this Loan were issued, interest was payable from 1st January, 1878, at the in-



creased rate of  $4\frac{3}{4}$  per cent., in place of  $4\frac{1}{2}$  per cent. per annum, as previously.

And by Articles 4 and 6, it was provided that, from the commencement of 1878, there should be an annual amortization of Bonds to the amount of £25,000, by quarterly drawings at par.

By the increase of the rate of interest, and with the establishment of a Sinking Fund, the payments to be made by the Colombian Government for the service of this debt were raised from £7,500 to £10,000 per month.

It is gratifying to be able to state that, notwithstanding the further monthly payment of £5,625 for account of arrears, the Colombian Government have punctually fulfilled their engagements to the Bondholders.

Mr. O'Leary during the commercial disturbance caused in Colombia by the great drought and interruption of navigation, frequently found the utmost difficulty in obtaining the means of remitting these sums, owing to the scarcity of bills and of bullion procurable in Colombia, and a large balance of cash had at one time accumulated in his hands, before he was able to transmit the whole amount of the payments made to him, which he has now done by the purchase of bills on America and other countries, as well as on England.

The Bondholders have received payment of the following Coupons and Drawn Bonds during the past year, viz.:—The 15th, 18th, 19th and 20th, at  $4\frac{1}{2}$  per cent.; the 21st at  $4\frac{3}{4}$  per cent.; and the Bonds drawn at par on the 27th May, the 25th July, and the 25th September, 1878.

The Council have viewed with much satisfaction the manner in which Mr. O'Leary has fulfilled his duty as Agent of the Bondholders, during a period of considerable difficulty to him, in his official capacity as their representative, and they desire to record that opinion in this Report.

## 6 PER CENT. LOAN OF 1863.

There was a delay in the payment of the Coupon due on the 1st April last, owing to the requisite funds expected from a Loan to be raised in London not becoming available. The Council, therefore, requested Mr. O'Leary to represent, on their behalf, to the Government of Colombia, the detrimental effect it might have on their credit, should a default occur in the service of this Loan; and, in prompt response to this remonstrance, they handed a sum of \$30,000 to Mr. O'Leary, and in the month of December they paid him a further amount of \$20,000 for this account; and there is now no Coupon in arrear.

## COSTA RICA.

## Seven per Cent. Costa Rica Committee.

A. G. Sandeman, Esq., *Chairman*.

The Right Hon. E. Pleydell-Bouverie, *Ex-officio*.

Francis Bennoch, Esq.

E. Lennox Boyd, Esq.,

F.R.G.S., F.S.A.

T. Cave, Esq., M.P.

James Cooper, Esq.

W. Detmar, Esq.

T. Dowling, Esq.

W. E. Duncan, Esq.

Roger Eykyn, Esq.

W. Godfrey, Esq.

R. Grant, Esq.

G. de G. Griffith, Esq., M.D.

Wm. Griffith, Esq., B.A.

G. D. Harris, Esq.

L. Harrison, Esq.

W. J. Harvey, Esq.

J. Cooke Harker, Esq.

T. P. Hearne, Esq.

George Herring, Esq.

T. Hobday, Esq.

G. A. King, Esq.

J. M. Louis, Esq.

J. F. Lovering, Esq.

Captain R. Murray.

H. Price, Esq.

A. W. Ray, Esq.

Thomas Sidney, Esq., Alderman.

H. Skynner, Esq.

C. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.

## Six per Cent. Costa Rica Committee.

G. T. Rait, Esq., *Deputy  
Chairman.*  
Right Hon. E. Pleydell  
Bouverie, *Ex-officio.*  
E. Campion, Esq.  
J. Cowan, Esq.  
J. Davis, Esq.  
H. M. Jenkins, Esq.

N. Levy, Esq.  
F. Mercier, Esq.  
J. Proctor, Esq.  
H. Staples, Esq.

*Secretary.*

Hyde Clarke, Esq.

## Joint Sub-Committee of Conference.

A. G. Sandeman, Esq., *Chair-  
man.*  
Right Hon. E. Pleydell-  
Bouverie, *Ex-officio.*  
F. Bennoch, Esq.  
T. Cave, Esq., M.P.  
L. Harrison, Esq.

G. T. Rait, Esq.  
B. Rowsell, Esq.  
H. Staples, Esq.  
C. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.

The proposition referred to in the last Report of the Council, as having been made by Señor Lizano on the part of the Government of Costa Rica, in connection with the completion of the railway, and an arrangement of the debt, but which came unaccompanied by sufficient information to enable the Council and the Committees of these loans to form an opinion as to its being feasible, has not been renewed, and Señor Lizano has returned no reply to the repeated letters of the Committee on the subject.

An Agent of the Government is, however, in Europe on business connected with the law suit here by his Government against the contractors for the Loan, and he has

expressed the desire, which exists in his country, to come to a settlement of the claims of the Bondholders.

Although no proposal with that object has been offered since the departure of Señor Lizano, it would appear that there has been a surplus of Revenue from the last financial year, which has been expended upon the construction of the railway.

Her Majesty's Consul in Costa Rica reports, that the coffee crop this year is the largest on record, and the President, in a speech made on the 9th June last, stated that the exports during the previous year had amounted to \$9,016,860, against imports of the value of \$4,500,000.

The railway works are stated to have extended to the completion of more than sixty miles of a single line of 3 ft. 3½ in. gauge, being the section from Alajuela to Cartago, and the section from Limon to the valley of the Reventazon river, thus leaving the connecting central section yet to be made.

The perseverance and energy, with which the Government have prosecuted this important public work, a work which will much assist in the development of the great natural resources of the country, afford some ground for hope that a serious endeavour will be made to re-establish the public credit of this growing State.

## ECUADOR.

## Ecuadorian Committee.

J. Field, Esq., *Chairman.*

Rt. Hon. E. Pleydell-Bouverie,

*Ex-officio.*

F. Bennoch, Esq.

L. N. Bonar, Esq.

E. Haslewood, Esq.

W. T. F. M. Ingall, Esq.

A. Levy, Esq.

F. C. Pawle, Esq.

Admiral of the Fleet Sir

Provo Wallis, G.C.B.

Ed. Wright, Esq.

*Secretary.*

H. Schirges, Esq.

A National Convention of the States of Ecuador assembled at Ambato, and on the 1st of April, General Veintemilla was chosen President of the Republic.

On the representation of Mr. Alfred L. Jones, the agent of the Bondholders at Quito, that his presence at Ambato would be desirable during the sitting of the Convention, he was directed by the Council and Committee to proceed there.

He was accompanied by His Excellency Mr. F. Douglas Hamilton, H.B.M. Minister, from whose co-operation and advice he received much valuable assistance in his application to the Government for a settlement of the claims of the Bondholders.

Señor Velez, the Minister of Finance, in his statement to the Convention, urged that an arrangement of the External Debt, on a basis he proposed, should be effected;—and General Urbina, President of the Assembly, and formerly President of the Republic, made a powerful speech in favour of the resumption of the stipulated payment to the Bondholders, which had been faithfully carried out during his periods of Presidency, without detriment to the Republic.

In consequence, a Decree was passed on the 21st May, authorising the Executive to negotiate with the Committee of Ecuadorian Bondholders, of London, or their agents, a plan for extinguishing the External Debt of the Republic on conditions as little onerous as possible to the country.

The Council and Committee have conveyed their thanks to General Urbina, and to Mr. Douglas Hamilton, for the aid they gave the Bondholders on this occasion.

Unfortunately the proceedings of the Convention were brought to a premature close by the outbreak of disturbances in various parts of the Republic. This led to the dissolution of the Convention, when all its acts were annulled, and the President was declared Dictator of the country.

General Veintemilla, however, instructed Señor Castro the successor of Señor Velez, to draw up a minute, as a basis for negotiation, for an arrangement of the Foreign Debt, and both the President, and the Minister expressed their satisfaction at its recognition by the Convention of Ambato; but to the date of the last advices, the agent of the Bondholders was still without the promised document.

The disturbances mentioned have been detrimental, alike to the prosperity of Ecuador, and to the prospects of its Bondholders, and unfortunately there has also been a diminished yield during the year, in the chief product for export, the cocoa crop.

In the absence of further intelligence from Mr. Jones, as to the intentions of the Government, the Council and Committee are of opinion that, the delay in coming to a settlement with the Bondholders is attributable rather to the unfavourable state of the country, politically and financially, than to any disinclination on the part of those now in power, to arrive at an arrangement.

## EGYPT.

The Committee appointed by the Decrees of the 27th January and the 30th March, 1878, to make an investigation into the financial situation of Egypt, have recommended certain changes, in the management of the revenue and expenditure, which have so far affected the arrangement previously made on behalf of the Bondholders, that, by a Decree of the Khedive, dated 12th December, 1878, the provisions contained in Articles 7 to 17 of the prior Decree of 18th November, 1876, relating to the administration of the Controllers-General, will cease to have effect; and the action of the Sinking Fund of the Unified Debt, so far as regards the redemption by purchase, is also suspended.

With these exceptions the Decree of 18th November, 1876, continues still to be operative.

The Council have regularly communicated to the leading London newspapers, the statements of receipts on account of the Debt, furnished to them by the Commissioners of the Treasury of the Public Debt, at Cairo; together with the monthly returns of revenue receipts, sent by the Controller-General.

The annexed tables show the Revenue Receipts, as also the receipts on account of the different classes of debt during the year 1878.

## DAIRA SANIEH CONSOLIDATED DEBT.

The Council are informed by Mr. Alonzo Money, C.B., one of the Controllers of the Daira, that the Annual Report—directed to be published by Article 23 of the Contract of the

12th July, 1877, and which will relate to each year from January to December, will appear annually as early as it can be prepared.

No purchases having yet been made on account of the Sinking Fund, the outstanding amount of the Debt remains unaltered.



# EGYPTIAN REVENUE

SOURCES OF REVENUE.	January.	February.	March.	April.	May.
	£E.	£E.	£E.	£E.	£E.
Moukabalah .....	1,144	21,038	260,679	80,189	97,969
Contributions Foncières .....	237,418	287,275	210,516	956,065	207,560
Contributions Personnelles .....	11,708	17,700	22,405	141,909	39,725
Timbre et Enregistrement .....	5,193	5,949	6,032	6,413	5,635
Douanes .....	48,754	49,441	54,171	43,502	39,533
Sels et Natrons .....	1,306	1,655	4,895	29,291	10,777
Hôtel des Monnaies .....	483	453	528	495	445
Postes .....	1,809	....	559	1,216	1,164
Justice .....	4,773	7,602	8,149	6,324	6,362
Ecluses et Canaux .....	4,224	2,751	3,845	4,810	3,157
Matarieh .....	1,876	1,632	1,248	1,509	1,134
Eaux d'Alexandrie .....	1,506	174	341	....	476
Marchés des Poissons .....	513	664	673	602	267
Droits Municipaux et autres .....	29,110	26,688	34,155	38,446	31,254
Recettes diverses .....	1,267	1,878	4,573	4,742	2,802
Dettes des Villageois .....	106	64	119	581	152
Marine .....	82	55	116	59	103
Ports (autre que celui d'Alexandrie) .....	....	....	....	....	....
Phares .....	677	1,392	1,763	1,130	667
Travaux publics .....	221	160	166	164	283
Chemins de fer et Télégraphe ....	50,474	26,290	45,887	38,214	37,368
Port d'Alexandrie .....	....	....	....	....	....
Totals..... £E.	402,644	452,861	660,820	*1,355,661	486,833

\* The receipts for the month of April do not include the sums paid to the Treasury  
plete the Coupon, and

# FOR THE YEAR 1878.

June.	July.	August.	September	October.	November.	December.	Totals for Ten Months.
£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.
113,680	43,248	26,203	148,308	69,903			862,361
175,681	126,247	119,152	46,135	179,541			2,545,590
25,417	21,890	20,019	10,619	93,680			405,072
5,747	6,055	5,468	4,461	5,621			56,574
29,342	37,551	41,254	44,287	53,248			441,083
5,351	7,718	7,290	4,746	21,700			94,729
2,821	850	669	195	1,142			8,081
....	....	....	375	2,651			7,774
5,945	6,481	4,641	3,781	5,697			59,755
2,185	2,657	4,777	5,407	4,829			38,642
1,462	394	1,131	....	3,080			13,466
3,568	960	713	443	653			8,834
1,538	323	587	624	630			6,421
34,846	36,801	34,906	28,875	35,885			330,966
3,859	10,842	3,122	2,622	2,729			38,436
373	56	880	239	2,342			4,912
103	72	81	76	92			839
79	....	210	....	65			354
3,906	1,159	971	1,421	1,001			14,087
151	74	45	184	48			1,496
71,915	28,014	51,474	6,624	52,784			409,044
....	....	....	....	....			....
487,969	331,392	323,593	309,422	537,321			5,348,516

of the Ministry and to the Treasury of the Public Debt, on the 30th April, to com-  
which remained to adjust.

# RECEIPTS ON ACCOUNT OF THE UNIFIED DEBT FOR THE YEAR 1878.

1 to 31 January.	1 to 28 February.	1 to 31 March.	1 to 30 April.	1 to 31 May.	1 to 30 June.
Piastres. Tariff. 7,018,081 27 say £71,980 8 6	P. T. 28,931,037 31 say £296,728 12 6	P. T. 17,265,055 7 say £177,077 10 6	P. T. *152,189,341 13 say £1,560,915 17 6 †Less— P. T. 6,927,518 20 say £71,051 9 0	P. T. 5,743,999 05 say £58,912 16 3	P. T. 10,362,156 31 say £106,278 10 9

\* This includes special payments from Ministry of Finance, and for adjustment and transfer of excess of Moukabalah of 1877.  
† This deduction was made to complete the sum necessary for the service of the Preference Stock, due 15 April.

1 to 31 July.	1 to 31 August.	1 to 30 September.	1 to 31 October.	1 to 30 November.	1 to 31 December.
Piastres. Tariff. 7,167,400 15 say £73,511 16 0	P. T. 6,681,862 18 say £68,531 18 6	P. T. 8,830,963 39 say £90,573 19 9	P. T. †155,026,635 02 say £1,590,016 15 3 ‡Less— P. T. 27,092,502 30 say £277,871 16 6	P. T. 10,158,543 36 say £104,190 3 9	P. T. 19,290,557 23 say £197,851 17 6

† This includes special payment from Ministry of Finance.

‡ This deduction was made to complete the sum necessary for the service of the Preference Stock due 15 October.

RECEIPTS ON ACCOUNT OF THE LOANS OF 1864, 1865-6, AND 1867, FOR THE YEAR 1878.

1 to 31 January.	1 to 28 February.	1 to 31 March.	1 to 30 April.	1 to 31 May.	1 to 30 June.
Piastres. Tariff. 858,488 39	P. T. 1,427,130 20	P. T. 26,518,024 39	P. T. 5,798,624 15	P. T. 9,641,585 13	P. T. 6,008,864 14
say	say	say	say	say	say
£8,805 0 3	£14,637 4 9	£271,979 14 9	£59,473 1 6	£98,888 1 0	£61,629 7 6

1 to 31 July.	1 to 31 August.	1 to 30 September.	1 to 31 October.	1 to 30 November.	1 to 31 December.
Piastres. Tariff. 10,960,727 18	P. T. 1,093,231 15	P. T. 20,640,708 32	P. T. 1,789,922 18	P. T. 7,100,155 35	P. T. 5,728,179 39
say	say	say	say	say	say
£112,417 14 3	£11,212 12 6	£211,699 11 6	£18,358 3 6	£72,822 2 3	£58,750 11 6

# RECEIPTS ON ACCOUNT OF THE FIVE PER CENT. PREFERENCE STOCK (RAILWAYS) FOR THE YEAR 1878.

1 to 31 January.	1 to 28 February.	1 to 31 March.	1 to 14 April.	15 to 30 April.	1 to 31 May.	1 to 30 June.
Piastres. Tariff. 5,508,750 0 say £56,500 0 0	P. T. 3,900,000 0 say £40,000 0 0	P. T. 4,151,792 20 say £42,582 10 0	P. T. 3,484,459 0 say £35,738 1 0 plus P. T. *6,927,518 20 say £71,051 9 0	P. T. 975,000 0 say £10,000 0 0	P. T. 2,424,536 0 say £24,867 0 9	P. T. 1,950,000 0 say £20,000 0 0

\* This sum was deducted from the receipts of the Unified Debt to complete the sum necessary for the half-yearly service due 15 April.

1 to 31 July.	1 to 31 August.	1 to 30 September.	1 to 14 October.	15 to 31 October.	1 to 30 November.	1 to 31 December.
Piastres. Tariff. 2,926,000 0 say £30,000 0 0	P. T. 4,875,000 0 say £50,000 0 0		P. T. 2,937,981 10 say £30,133 2 9 plus P. T. +27,092,502 30 say £277,871 16 6	P. T. 1,951,082 20 say £20,011 2 0	P. T. 3,900,000 0 say £40,000 0 0	P. T. 5,557,500 0 say £57,000 0 0

† This sum was deducted from the receipts of the Unified Debt to complete the sum necessary for the half-yearly service due 15 October.

## GREECE.

The Hellenic Government, through properly accredited Agents, having made a proposal to the Council for the settlement of the Greek Loans of 1824 and 1825, negotiations were entered into, which resulted in an Agreement for their conversion.

It was considered, that the terms proposed by the Greek Government presented a favourable arrangement of concluding the compromise of a debt, which for more than fifty years has remained unliquidated.

The Council caused this Agreement, which had the sanction and consent of the existing Committee of Greek Bondholders, to be printed and circulated, and on the 10th of October it was submitted by them to a General Meeting of the Bondholders assembled at the Councilhouse, by whom it was adopted.

The chief feature in the arrangement is that every £100 Red Bond (without Coupons) issued in 1824, should receive £31 12s. in New Five per Cent. Bonds; every £100 Blue Bond, issued in 1825, should receive £30 10s. in the same Five per Cent. Stock; and that the detached Coupons should be funded at the price of £11 12s. per cent. in the same Stock. The total amount of New Stock to be issued is £1,200,000, for the payment of the interest and Sinking Fund on which, an annuity of £75,000 per annum is specially set apart. All interest accruing on Bonds not taken up is to be added to £15,000 per annum, and these two sums are to form an annual accumulating Sinking Fund, for the redemption of the Stock at par.

The Hellenic Government have embodied the terms of the

Agreement in a Bill which has received the ratification of the Chamber of Deputies at Athens, on the 10th December last, and also the Royal sanction.

The Board for conversion of the Old Bonds, constituted under the Agreement, is now about to proceed to carry its clauses into operation.

## GUATEMALA.

### Guatemala 1869 Committee.

General Sir George Balfour,

K.C.B., M.P., *Chairman*.

Right Hon. E. Pleydell-

Bouverie, *Ex-officio*.

H. F. Bailey, Esq.

Dr. Behrend.

Robert Bowden, Esq.

James Roberts Brown, Esq.

James Charles, Esq.

Robert Fisher, Esq.

Sir F. Lycett.

George Cavendish Taylor, Esq.

S. W. Willet, Esq.

Morgan Yeatman, Esq.

Brodie de Zulueta, Esq.

#### *Secretary.*

Hyde Clarke, Esq.

#### *Agents for Arrear Certificates.*

Messrs. I. Thomson, T. Bonar,  
and Co.

#### *Agent.*

Sir Henry Scholfield, H.B.M.  
Consul, Guatemala.

It may be recollected that Sir Henry Scholfield, acting for Messrs. Thomson, Bonar, and Co., the agents for this Loan, made an arrangement, on the 10th May, 1876, with the Government of Guatemala, by which the unencumbered part of the maritime duties was assigned to liquidate the two Treasury Bonds of \$69,674 : 16c. each, issued to meet the coupons due in October, 1875, and in April, 1876. The Government also undertook to pay stated monthly instal-

ments for the current service of the Debt ; but, after having remitted only \$45,000 under that agreement, the payments ceased, and Sir Henry Scholfield made another arrangement in November, 1877, under which the sum of \$100,000 would be appropriated for the service of the Debt from an increased Export Tax on Coffee. All these engagements have been broken, just as the previous promises of the Guatemala Government to its external creditors had been.

The following is a summary of the amounts which have been received from these several appropriations, and the Government have decided, in consequence of the default in their agreements for the special provision for Coupons, arrear and current, to pay the Coupons of their Six per Cent. Debt in the order in which they became due. The amount remitted for account of the Coupon due October, 1875, is £10,391 16s. ; nothing has been received for account of the Coupon due April, 1876 ; and the sum remitted for current Coupons has been £7,408 4s. under the first arrangement, and £4,128 18s. 4d. under the later agreement in November, 1877. These amounts give a total of £21,928 18s. 4d., with which the Coupon due October, 1875, has been paid in full, and £1 has been paid on account of the Coupon due in April, 1876. The agents of the Government in London have thus still a small balance to the credit of the Bondholders.

Sir Henry Scholfield came in the autumn to England on a mission from the Government, with a view to effecting an arrangement, by which a provision should be made for all the Coupons now in arrear, and he offered certain propositions for the consideration of the Committee, which they deemed to be favourable, if, as Sir Henry Scholfield stated, it was the fixed intention of the Government not to allow its payments to fall into default for the future.

Sir Henry Scholfield has returned to Guatemala to submit



these proposals to the Government, and a decision upon them ought to be shortly communicated to the Committee.

The reports of the state of the country contained in the newspapers received from thence, indicate the increase of prosperity, and unusual stability in the political situation. Trade is advancing in importance; the value of the exports, which consist chiefly of coffee, sugar, and wool, having amounted to \$4,000,000 in value, in 1878, and great efforts are being made, under the rule of President Barrios, to augment and develop the agricultural resources of the State.

The railroad from the Pacific port of San José to Esquintla is in course of construction, and it is projected to extend that line through the mountain passes to Guatemala city.

It is stated in the newspapers that the Government will make a cash advance of \$210,000 towards this work, that it guarantees the stockholders 12 per cent. per annum, half-yearly in advance, on a fixed cost of \$1,000,000, the first dividend to be paid on the completion of fourteen miles of railroad, and the Customs revenues (estimated to yield \$1,500,000 per annum) will, it is said, be pledged for twenty-five years, as a special security for this dividend.

The cash advances made by Government are to be deducted at the rate of \$50,000 per annum from the dividend, and the Railway Company will be exempt from all taxation for ninety-nine years.

The mission of Sir Henry Scholfield, undertaken at the instance of the Government, is an indication, it is hoped, that amongst the plans for the development of the country, the claims of the Bondholders are not forgotten, and that the Government are ready to admit, that the maintenance of the public credit is a paramount duty.

## HONDURAS.

No opportunity presented itself during the past year, for the Council to take any step, towards initiating an arrangement of this Debt, and no overture has been made by the Government of the Republic for that purpose.

The country, however, seems to be advancing in prosperity, notwithstanding an attempted outbreak in the early part of 1878, instigated by General Medina, an ex-President, who lost his life during its suppression.

## LIBERIA.

The Council, taking advantage of the presence of His Excellency Mr. E. W. Blyden, the Liberian Minister, in England, addressed a letter to him in August last, relative to the long-standing claims of the Bondholders of the Seven per Cent. Loan of 1871, asking what steps his Government were prepared to take, with regard to the payment of the current and arrear interest due upon it.

Mr. Blyden stated, that his Government had not given him instructions on the subject, but that he would forward the communication from the Council to the President of the Republic at Monrovia. He has now returned to Liberia to attend the opening of the Legislature.

The arrears of interest now amount (inclusive of the Coupon due 1st February, 1879) to £35,000.

## LOUISIANA.

## Louisiana Committee.

Henry Rawson, Esq., *Chairman*.

Right Hon. E. Pleydell-

Bouverie, *Ex-officio*.

General Sir George Balfour,

K.C.B., M.P.

J. A. Hankey, Esq.

Fortescue Harrison, Esq., M.P.

G. I. Leon, Esq.

Francis Bennoch, Esq

Morris Cantor, Esq.

Louis Floersheim, Esq.

Robert Monckton, Esq.

J. Hume Webster, Esq.

*Secretary.*

Hyde Clarke, Esq.

During the past year the Funding Board have received \$1,171,875 Old Bonds, making a total of Old Bonds funded since 1874 of \$19,874,666, and they have issued in respect of those Old Bonds, \$11,724,800 New Seven per Cent. Bonds.

The Council have not during the year been called upon to issue Certificates of Claim for the Forty per Cent. lost in the conversion under the Funding Act of 1874. The number of Certificates of Claim issued, therefore, remains the same as last year, viz., 3,199, representing \$922,160, or the amount confiscated in the conversion of \$2,305,400 Old Bonds.

The Coupons due 1st July, 1874, 1st July, 1875, and 1st July, 1876, on the New Bonds given in exchange for the Old Bonds funded during Governor Nicholl's administration have not been liquidated; but from an official statement it appears that against these Coupons, the State is in course of collecting arrears of taxes—due for the above-mentioned years—amounting to over \$1,000,000.

The Coupons due 1st January and 1st July, 1878, were

paid. The payment in Cash of one half of the Coupon due 1st January, 1879, with the issue of a Certificate for the balance, has been announced.

#### LOUISIANA PLANTERS' BANK BONDS.

The State Supreme Court in March, 1878, directed the Funding Board to receive the Louisiana Planters' Bank Bonds for funding into New State Bonds, and although it was feared that the Funding Board would refuse to comply with the order of the Court, the Council learn that the Exchange can now be effected in accordance with the terms and provisions of the Funding Act of 1874.

#### NEW ORLEANS PACIFIC RAILROAD BONDS.

The Issue of the New Orleans Pacific Railroad Bonds has been declared valid by the Supreme Court, but the Governor took exception to the judgment, and refused to sign the New Bonds to complete the exchange. An application to the Courts to compel him to do so was decided in the Governor's favour.

#### MEXICO.

H. B. Sheridan, Esq., M.P.,  
*Chairman.*

F. Bennoch, Esq., *Vice-Chairman.*

Right Hon. E. Pleydell-Bouverie, *Ex-officio.*

L. N. Bonar, Esq.

H. Guedalla, Esq.

James Corbet Irving, Esq.

Admiral of the Fleet Sir  
Provo Wallis, G.C.B.

Edward Wright, Esq.

*Secretary.*

W. W. Holmes, Esq.

*Agent in Mexico.*

E. J. Perry, Esq.

The negotiations, referred to in the Council's last Annual Report, as being conducted by the Committee for

the settlement of the Debt, have been continued during the last twelve months, and from the information furnished by Mr. Perry, the Bondholders' Agent, expectations were entertained, that the assent of the Mexican Legislature would be obtained to a settlement of the Debt, upon terms which, though leaving much to be desired, the Committee were still prepared to submit, for ratification, to the Bondholders.

The Spring Session of the Legislative Bodies of the Republic, passed, however, without any action being taken in the matter, and the Autumn Session was far advanced, when on the 16th November last, a telegraphic message was received from Mr. Perry, intimating that the terms of settlement, already referred to, were under the favourable consideration of the Executive, and would with the Committee's assent be agreed to. A reply, confirming their previous stipulations on the Bondholders' behalf, having been telegraphed back, on the 11th December following a further message was received announcing the signature of a Contract by Mr. Perry and the Mexican Executive, based, it was of course assumed, on the stipulations previously laid down, and, again carefully cited in the Committee's message. The favourable consideration of the ministerial measure by a Parliamentary Committee of the Deputies, to whom it had been referred by the Chamber with signs of approval, was further telegraphed by Mr. Perry on the 16th December, and similarly with the other telegrams, at once transmitted by the Committee to the Press for publication.

On the 30th of the same month, however, a letter was received from Mr. Perry, in which, much to the surprise of the Committee, it was stated, that the Contract signed differed in its terms from the settlement agreed to in principle by the Committee, inasmuch as it was based on the construction of a Railway, in lieu of on the establishment of a Bank, and further consented that the rates at which interest

would be resumed, should be less favourable to the Bondholders than those embodied in the stipulations of the Committee. The text of the Contract, declared then to be in the Bureau of the Mexican Minister, was promised by the next mail.

When, on the 15th January, 1879, the promised document arrived, the apprehensions raised by Mr. Perry's previous letter, were more than confirmed, the Contract signed by him differing in many important respects from the terms specified by the Committee, particularly in assenting to a conversion of the 3 per Cent. Stock, now constituting the Debt into a 6 per Cent. Stock at 33 per Cent., in lieu of at 50 per Cent.; in taking six years instead of four years, to reach the full rate of interest, viz., 6 per Cent.; and in postponing the resumption of payment of interest to the fourth year after the execution of the Contract, instead of commencing such payments at the expiration of the first six months. In addition to these radical departures from the Committee's previous instructions, Mr. Perry had unfortunately permitted the insertion of clauses in the Contract which virtually make the settlement of the Debt, even upon the unsatisfactory bases already cited, dependent on the construction of a line of Railway 620 miles in length, reaching from the City of Mexico to the Pacific Coast, the Bondholders being mulcted in the amount of interest payable to them under the Contract in the event of a portion of the line being left incomplete, whilst this, unlike other State lines of Railway in the Republic, is to enjoy neither subsidy, nor State subscription.

It is almost needless to say that Mr. Perry had no authority to enter into such a contract. Nor does the Agreement deserve any consideration by the Committee or Bondholders, unless modifications of a most radical nature can be effected in it, and the Bondholders be further relieved from

all responsibility for the construction of the line, or dependence, for the payment of their interest, on its completion.

## PARAGUAY.

### Paraguayan Committee

The Right Hon. E. Pleydell-

Bouverie, *Chairman.*

R. J. Browne, Esq.

George Herring, Esq.

J. Percy Leith, Esq.

George Russell, Esq.

Rear-Admiral F. H. Sterling.

S. Leith Tomkins, Esq.

*Secretary.*

A. F. Baillie, Esq.

In the message, delivered by President Uriarte, in the month of April, to the Paraguayan Congress, he stated in reference to Mr. Baillie's mission, "that Mr. Baillie's proposals were rejected by the Senate, and our state of poverty is such that we can hold out no hopes of paying anything."

In consequence of the continued sale by the Paraguayan Government of lands and public buildings already hypothecated to the Bondholders, the Council, on the 4th April, addressed a Protest to them, which was forwarded, by the Foreign Office, to Her Majesty's Minister at Buenos Ayres, for transmission to Asuncion.

The Foreign Office further assisted the Council in this matter, by sending a copy of the Protest to Her Majesty's Minister at Rio de Janeiro, for communication to the Brazilian Government. The Council, on the 17th April, also addressed a letter to His Excellency Don Candido Bareiro, the then Minister of Finance, to the same effect.

On the 8th of July, the Council were informed by the



Foreign Office that their Protest had been duly forwarded to the Paraguayan Government by Her Majesty's Minister at Buenos Ayres, but that owing to the destruction of property caused by floods, and also to the circumstance that the Revenue had only provided about one-third of the necessary national expenditure, it would be hopeless to expect for some time, any amelioration of the position of the Bondholders.

It was also reported at the same time that the State Railway of Paraguay, specially hypothecated to the Bondholders as security for the Loans of 1871 and 1872, and which had been purchased on the 17th March, 1877, for \$1,000,000 by a group of Brazilian merchants, had been re-sold for \$450,000 to a North American Company, which proposed to extend it to Villa Rica. It is confidently asserted that this line if properly worked, will greatly promote the recovery of the country.

His Excellency Don Candido Bareiro, the former Minister of Finance, has lately been elected President, and from his high character, and the sentiments he has always expressed in favour of maintaining the national credit, the Council have reason to think, should the country resume the prosperity it once possessed—of the return of which there are some indications—that he would reopen negotiations for the arrangement of the External Debt.

It is reported that gold has been discovered in various parts of Paraguay—most largely at Maracayu—and that a Company has been formed for working the deposits there.

It is also stated that valuable salt-mines have been found.

The Council have furnished her Majesty's Minister at Buenos Ayres, Mr. F. Clare Ford, C.B., with full information as to the Loans of 1871 and 1872, in order that he may be in possession of all the circumstances connected with their



issue, the purposes for which they were raised, and their default, and with a view to his being in the best position, on fitting occasions, to render that unofficial assistance, which the Council have every reason to feel confident he will heartily give to the cause of the Bondholders.

## PERU.

By the Contract made on behalf of the Bondholders with the Government of Peru, in 1876, payment of interest on this Debt was to be resumed on the 1st January, 1879.

The Republic, however, has again broken faith with its creditors.

With a view of promoting joint and harmonious action on the part of all the Bondholders, an earnest but unsuccessful endeavour was made, during the early part of the year, by the Chairman of the Council, to terminate the disunion between the Committee of which Sir Charles Russell is Chairman, and the International Committee presided over by Mr. James Croyle.

The Council think that the Councilhouse might serve as a neutral ground, where all the interests concerned might meet in order to amalgamate for mutual protection from continued spoliation, and for the joint prosecution of their just claims on the Peruvian nation, and they have been always ready, as in past years, to give whatever facilities it might be in their power to afford to the Bondholders.

## IQUIQUE AND LA NORIA, SAL DE OBISPO AND PISAGUA, ETC. RAILWAYS LOAN.

In accordance with the desire of a General Meeting of

Holders of these Bonds, convened on the 30th August, 1877, an adjourned General Meeting was held at the Councilhouse, on the 28th February, 1878.

At this Meeting, Messrs. Charles Morrison, Russell Shaw, Henry Pigeon, and J. Leigh S. Hatton were appointed a Committee, to consider a proposed Agreement between the Trustees acting on behalf of the Bondholders, and the Messrs. Montero, and to report to and advise the Bondholders thereon.

A further Adjourned Meeting, at which Mr. C. Weguelin presided, was held at the Councilhouse, on the 19th September last, at which the Committee presented their Report to the Bondholders, together with the Agreement signed by the Trustees on their behalf, and also a Statement of Accounts. Resolutions were passed adopting the Report of the Committee, and requesting the Bondholders to deposit their Bonds for signature with the Trustees, in order to carry out the provisions of the Agreement. Certificates have been issued by the Trustees in exchange for the Bonds so deposited, and these Certificates have been granted an official quotation on the Stock Exchange.

The Trustees announce, that the preliminaries having been completed in Peru, they are prepared to give up possession of the Railways to a Company, and they expect that remittances, on account of the arrears, will shortly be made in accordance with the terms of the Agreement.

#### PISCO TO YCA RAILWAY LOAN OF 1869.

##### Pisco to Yca Committee.

Right Hon. E. P. Bouverie,  
*Chairman.*

F. Campion, Esq.

Lieut.-Col. Henry Le Champion.

J. Leigh S. Hatton, Esq.

G. T. Rait, Esq.

*Secretary.*

Hyde Clarke, Esq.

## PISCO TO YCA RAILWAY.

In compliance with a requisition signed by a large number of holders of Bonds of the Guaranteed Loan of the National Pisco to Yca Railway of 1869, calling on the Council to take charge of their interests, a General Meeting of Bondholders was held at the Councilhouse on the 20th September, 1878, at which Resolutions were passed requesting the Council to represent their interests and to act on their behalf, and appointing a Committee to act in co-operation with the Council.

The Meeting having fully discussed and affirmed their prior right of lien, as Bondholders of this loan, on the Guano deposits in Peru, and on the Railway, adjourned until the 23rd of October.

At this Meeting the Bondholders were informed that in conformity with the Resolutions of the previous Meeting on the 20th September, a Committee consisting of Messrs. Campion, Leigh-Hatton, and Rait, Lieutenant-Colonel Le Champion, and the Chairman of the Council as Chairman, had been nominated, subject to the approval of the Meeting, and they were then formally constituted a Committee by Resolution of the Meeting.

On the 7th November, 1878, the Lima newspaper, "El Nacional" published a project of law for the sale by the Government of the various Railways "within and without" the Republic of Peru, in the schedule of which appeared the name of the Pisco to Yca Railway at a valuation of \$2,000,000.

In consequence of this publication, the Council on the 6th January, 1879, addressed an urgent protest to the President of Peru, expressing the regret they and the Committee experienced to learn the promulgation of a project (which, pend-

ing contradiction, must be accepted as authentic), for the forcible alienation, under cover of an enactment of law, of property already solemnly and legally appropriated to the Bondholders, as security for the "Guaranteed Loan of the National Pisco to Yca Railway Company," and requesting His Excellency to give an authoritative denial to the statement.

The Council also addressed letters to Señor Don José Canevaro, Vice-President of Peru, who was in London, and to the Trustees of the Bondholders of the Loans of 1870 and 1872, who were appointed in 1876, inquiring whether payment would be made in January, 1879, of the Coupons due on the Pisco to Yca Railway Bonds, in accordance with the terms of the Contract of 10th June, 1876.

In the one case, the Council were referred to the Third Report of the Trustees, which states that no funds are available for the purpose; and in the other, Señor Canevaro declared his journey to Europe to be on private matters only.

The Council were informed from a trustworthy source in Peru, that previously to the proposed sale, the Government had let the Railway for \$70,000 a year, which sum had been duly paid.

An agent has been authorized to take steps in Lima, to urge the claims of the Bondholders of this Railway, on the Government of Peru, and especially to insist on their right to the payment of all sums received by the Government for the letting and use of the Railway, which is property specifically pledged to themselves.

## ROUMANIA.

IRON BRIDGES ANNUITY CERTIFICATES 7 PER CENT. LOAN OF  
1870.

In consequence of the delay in making the payments due on account of this Loan, in October, the Council communicated with the agents in London, who referred them to the Trustees.

The announcement of the payment of the Coupons and Drawn Certificates was shortly afterwards made, and a circular was subsequently issued by the Trustees, stating that the delay in their payment, was owing to the amount remitted to this country not being equal to the sum required, and informing the Certificate Holders that the Bridges Maintenance Fund was not in a satisfactory condition.

A meeting of Certificate Holders was convened on the 10th of February, 1879, when the following Resolution was passed:—

“That the Trustees be authorised to retain and deduct from each Certificate now outstanding the sum of £8, the amount of such retention and deduction on all outstanding Certificates to be taken out of the instalment of the annuity of August 13, 1878. That the Trustees be authorised to apply such amount to purposes of maintenance from time to time as may be necessary, and that any further amount which may be required shall be raised in such manner as may hereafter be determined by the Certificate Holders, and that a copy of this resolution be endorsed upon all outstanding Certificates.”

## ROUMANIAN RAILWAY COMPANY.

The Report and accounts of this Company, which were

submitted to the General Meeting of Shareholders, held at Berlin on the 26th of June last, were communicated at the time to the press, and appeared in most of the principal London papers of the 9th of July.

The following is a summary thereof :—

“ From the accounts of the year 1877 it appears that the gross receipts for 1877 were £1,467,747, against £511,630 for 1876 ; net receipts, £911,251, against £111,695 ; working expenses, 37·91 per cent., against 78·17 per cent. The gross receipts of 1877 consisted of £832,289 for military transport, and £635,455 for other traffic. The gross receipts for the first twenty-six weeks of 1878, amounting to £657,449, show equally favourable results. The temporary debt raised for the completion of the Railway system (now 921 kilometres) was reduced at the end of 1877 to £810,000, of which amount £315,000 has since been paid off, leaving £495,000 for extinction during the current year.

“ When this debt is paid off, the annual guarantee of the Government, amounting to £744,390, will, after the close of 1879, have merely to bear prior charges for the Six per Cent. Obligations, amounting to about £116,000 per annum, and the Eight per Cent. Preference Shares of about £155,000 per annum, leaving £473,390 applicable to the dividend on the Ordinary Shares. As the latter amount to about £9,753,315, this would suffice to pay a dividend of 4·85 per cent. per annum. The dividend on the Ordinary Shares for 1877 was fixed at 2 per cent., payable 1st July, 1878. The negotiations of the Roumanian Government for the acquisition of the Railway are not yet concluded.”

## SALVADOR.

In the Report for last year, it was stated, that Señor Torres Caicedo, the then newly appointed Minister of the Republic to France and England, had informed the Council, in reply to an application from them on the subject, that he had referred to his Government for instructions, as to the settlement of the outstanding claims of the creditors of the Republic.

No further communication having been received from Señor Caicedo, and as there was then no indication of an intention on the part of the Salvadorian Government to fulfil its engagements to the Bondholders, the Council, on their requisition, directed their Notary, Mr. William Grain, to present the Bonds in default, at the Consulate of the Republic in London, for payment. On the 28th August, the Notary was informed at the Consulate that neither the Minister of the Republic nor the Consul were then in England, and that there were no instructions for the payment of the Bonds. The Council therefore addressed a letter to the Foreign Office, detailing the circumstances of the claim, and Her Majesty's Secretary of State recommended that a Memorial, which he proposed to forward to Her Majesty's Minister in Central America, for unofficial presentation, should be sent to the President of Salvador.

The Council accordingly addressed a Memorial to the President, under date the 23rd of October, 1878, stating that they relied upon the assurances given to Her Majesty's Minister by the Government of Salvador, for the payment of the long-outstanding claims of the Bondholders, and they expressed the hope that they would now receive immediate attention, by the issue of instructions for their settlement.

The Council have the satisfaction of stating that the

representations they have made have resulted in an arrangement by which the outstanding Bonds have been liquidated, and they desire to record the expression of their conviction, that the Holders of the Bonds are greatly indebted, for the success which has at last attended the efforts to effect a settlement of this claim, to the unofficial intervention of Her Majesty's Government through his Excellency Mr. Sidney Locock, her Majesty's Minister in Central America.

## SANTO DOMINGO.

### Santo Domingo Committee.

F. Beunoch, Esq., *Chairman*.  
 Lieut.-General J. L. Vaughan,  
     C.B., *Deputy-Chairman*.  
 Right Hon. E. Pleydell-  
     Bouverie, *Ex-officio*.  
 E. Lennox Boyd, Esq.  
 Robert Bradshaw, Esq.  
 C. A. Day, Esq.  
 Capt. W. Delf.  
 R. F. Eland, Esq.  
 W. Ford, Esq.  
 J. Foster, Esq.  
 G. Grantham, Esq.  
 Major J. C. Harris, R.E.  
 Rev. E. S. Hart.  
 R. H. Household, Esq.  
 H. B. Hyde, Esq.  
 W. Johnson, Esq.  
 Robert Monckton, Esq.

R. L. Morris, Esq.  
 J. G. Peckham, Esq.  
 Chas. Penruddocke, Esq., J.P.  
 C. W. Price, Esq.  
 V. D. Ray, Esq.  
 H. E. Rensburg, Esq.  
 P. C. Renton, Esq.  
 W. Richardson, Esq.  
 Aug. Styles, Esq.  
 G. R. Walker, Esq.  
 Count M. G. de Wezele.  
 Colonel R. White.  
 Thos. Williamson, Esq.  
 Thos. Wilshire, Esq.  
 C. O. Wombwell, Esq.

### *Secretary.*

Hyde Clarke, Esq.

There has been no change in the position of this Debt



since the last Report, nor is there any early likelihood of the Republic meeting its engagements to its public creditors, although there is no doubt, that the territory of the State contains valuable resources which are capable of development, if only its public credit were re-established.

## SPAIN.

### General Committee of Holders of the Three per Cent. External Debt.

Right Honourable Lord  
Hampton, G.C.B., *Chairman*.

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio*.

Augustus B. Abraham, Esq.

General Sir George Balfour,  
K.C.B., M.P.

F. Bennoch, Esq.

W. H. Bishop, Esq.

Lionel N. Bonar, Esq.

Sir Antonio Brady.

Edmund Burke, Esq.

Andrew Cassels, Esq.

M. Castello, Esq.

John Collinson, Esq.

Robert Crawshay, Esq.

Chas. John Croke, Esq.

Col. the Hon. H. B. Dalzell.

Geo. Dibley, Esq.

R. Dixon, Esq.

W. Duncan, Esq.

Roger Eykyn, Esq.

J. Figgins, Esq., Alderman.

Henry I. Fotherby, Esq., M.D.

Captain T. Fuller.

Commissary-General R. M.  
Gardiner.

James Gardner, Esq.

Robert Gardner, Esq.

John Goddard, Esq.

Wm. Grain, Esq.

G. de Griffith, Esq., M.D.

W. Griffith, Esq.

Rev. W. B. Harrison.

Spencer Herapath, Esq.

Geo. Herring, Esq.

Rev. W. Hodgson.

E. J. Hutchins, Esq.

E. Jeggins, Esq.

Thos. Kent, Esq.

Capt. Gilbert T. Key, R.N.

Arthur Kimber, Esq.  
 G. I. Leon, Esq.  
 C. E. Lewis, Esq., M.P.  
 Chas. Magniac, Esq.  
 W. H. Mogg, Esq.  
 Rev. M. N. Nathan.  
 H. N. Nissen, Esq.  
 A. Northen, Esq.  
 Parkinson Oates, Esq., M.D.  
 G. W. Obicini, Esq.  
 M. J. Power, Esq.  
 J. Remfrey, Esq.  
 D. Robinson, Esq.  
 Sir Philip Rose, Bart.  
 L. M. Rothschild, Esq.  
 Christopher Rowlands, Esq.  
 Thomas Rumball, Esq., C.E.  
 Sir Charles Russell, Bart., M.P.  
 Thomas Sidney, Esq., Alderman.  
 H. Skynner, Esq.

H. Solomon, Esq.  
 C. Surgey, Esq.  
 John Wade, Esq.  
 Lt.-General J. L. Vaughan, C.B.  
 Lieut.-Col. Vickers.  
 Chas. Waring, Esq., M.P.  
 Count M. G. de Wezele.  
 J. H. Wolton, Esq.  
 Edwd. Wright, Esq.  
 Admiral of the Fleet, Sir Provo  
 Wallis, G.C.B.

*Secretary of the Committee.*

Hyde Clarke, Esq.

*Agent in Madrid.*

John Hamilton, Esq.

*Spanish 3 per Cent. External Debt.*

#### ARRANGEMENT OF 1875.

The liquidation of the 1875 Contract, so far as regards the Council, has at length been effected, and the delivery of the 9th and last Pagaré of the Rio Tinto Company deposited in the Bank of England, has been made to the Council by the Spanish Financial Commission. The necessary measures for completing the inscription in Spain of the New Mortgage in favour of the holders of Five per Cent Rio Tinto Bonds are being proceeded with.

The amount of Five per Cent. Rio Tinto Bonds cancelled

in accordance with the trust deed, during the past year was £80,160, which raises the total sum now discharged to £244,220.

#### ARRANGEMENT OF 1876.

The Council are informed that the Coupons already presented for conversion into Two per Cent. Redeemable Bonds amount to about £12,850,000.

#### TENNESSEE.

The Tennessee Legislature met on the 8th January, 1879, and the retiring Governor James D. Porter in his message called attention to the proposal of certain Creditors in the United States to settle the Debt at 50 cents. on the dollar, and urged its acceptance. He reported that the Debt, including arrears of interest, amounted to \$24,274,000.

The new Governor, Mr. Marks, recommends in his message that no adjustment of the State Debt should be made, until it shall have been judicially determined whether the holders of Bonds issued prior to the war, have a lien on the Railroads, for the construction of which they were issued.

#### TUNIS.

Owing to the continuation, at the commencement of 1878, of the deficiency in the receipts of the Board of Conceded Revenues, and of the Tunisian Government, the Coupon due 1st July last, could only be paid at the rate of Frs. 6. 25 per Bond, leaving a like amount unpaid.

With an improvement, however, in the financial condition, later in the year, the Board were enabled to pay the 16th Coupon, due 1st January, 1879, in full, and to make a payment of half the arrear on Coupon No. 14.

The arrears now amount to Frs. 8.75 per Bond, viz.: Frs. 2.50 on Coupon No. 14, and Frs. 6.25 on Coupon No. 15.

## TURKEY.

Joint Commissions for the Ottoman Loans of 1858 and 1862  
under the Convention of February, 1873.

The Right Hon. E. Pleydell-  
Bouverie, *Chairman of the  
Council of Foreign Bond-  
holders.*

Francis Bennoch, Esq.  
Roger Eykyn, Esq.

Thomas Rumball, Esq.

H. A. Withers, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Agent in Constantinople.*

' Captain Stab.

## VENEZUELA.

Venezuelan Committee.

*Appointed at the Public Meeting of 24th March, 1865.*

Admiral of the Fleet, Sir  
Provo Wallis, G.C.B., *Chair-  
man.*

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio.*

John Field, Esq.

E. Jeggins, Esq.

E. Jonas, Esq.

F. Obicini, Esq.

Lt.-General J. L. Vaughan,  
C.B.

*Secretary.*

H. Schirges, Esq.

## Venezuelan Committee.

*By whom the Convention of 7th November, 1873, was concluded.*

Maxwell G. Turnbull, Esq.,

*Chairman.*

Right Hon. E. Pleydell-

Bouverie, *Ex-officio.*

J. W. Chator, Esq.

John Field, Esq.

W. T. F. M. Ingall, Esq.

Albert Levy, Esq.

F. C. Pawle, Esq.

E. Wright, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Agent of the Committee.*

E. Haslewood, Esq.

*Agents at Carácas.*

Messrs. H. L. Boulton & Co.

The Committee appointed at the public meeting of Venezuelan Bondholders held on the 10th July, 1873, having during the past year become affiliated to the Council, now act in conjunction with them.

The Council regret to report that in July last the Government of Venezuela suddenly suspended the payment of the monthly instalments made by them to Messrs. H. L. Boulton and Co., of Carácas, for account of the Bondholders. No reason has been assigned for this step, and a protest was made by Messrs. Boulton and Co. to the Government. On the 21st August, the Minister Señor Celis Avila, stated in reply to the representations of Mr. Middleton, H.B.M. Minister at Carácas, that payment of the sums due for two months in arrear would be made, and the monthly instalments would be resumed, and that the works for the construction of the railway from Carácas to La Guaira, would also be proceeded with.

The Government, however, have left these promises unfulfilled.

His Excellency, Mr. Robert Bunch, C.B., for many years Her Majesty's Representative in Colombia, and of whose good offices and friendly unofficial assistance, the Council

have had frequent experience, was lately appointed Minister for Venezuela. The Council therefore trust that, as on many former occasions, they may have the advantage of the aid of Mr. Bunch.

By the death of the President of the State, General F. L. Aleantara, on the 30th of November, Señor Gutierrez, Chief Justice of the High Court, became acting President by virtue of the Constitution of 1874.

## VIRGINIA.

### Virginian Committee.

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio*.  
Geo. Artingstall, Esq.  
Lieut.-Colonel Aytoun, R.A.  
R. L. Baker, Esq.  
Jas. B. Blarney, Esq.  
Morris Cantor, Esq.  
E. Charlton, Esq., M.D.  
David Clark, Esq.  
Charles Clark, Esq.  
J. Conybeare, Esq.  
John Dabbs, Esq.  
Joseph Hankey Dobree, Esq.  
W. Duncan, Esq.  
C. E. Flower, Esq.  
John Ford, Esq.  
Commissary-General R. M.  
Gardiner.  
R. H. Glyn, Esq.  
John Alers Hankey, Esq.  
E. J. Harris, Esq.  
Arthur Horrigan, Esq.  
E. Humphreys, Esq.  
Henry Joachim, Esq.

General Sir Arnold Kemball,  
Bart., K.C.S.I., K.C.B.  
Arthur Kimber, Esq.  
Silvester L'Amy, Esq.  
Robt. P. Laurie, Esq.  
Arthur Leared, Esq., M.D.  
G. I. Leon, Esq.  
Samuel Montagu, Esq.  
J. L. Mieville, Esq.  
D. Oppenheimer, Esq.  
M. J. O'Shaughnessy, Esq.  
Geo. Penson, Esq.  
Giuseppe A. Pugno, Esq.  
Geo. Richardson, Esq.  
W. R. Richardson, Esq.  
Captain W. W. Ross.  
Geo. T. Rait, Esq.  
C. Satterthwaite, Esq.  
W. Trotter, Esq.  
Geo. Yule, Esq.

*Secretary.*

Hyde Clarke, Esq.

In the Report for last year it was stated that General Taylor had been acting on behalf of the Committee, and that, although no immediate result had been attained, he had endeavoured to prepare the way for the consideration of the question of a settlement of the State Debt.

Subsequently the Committee received the Governor's Proclamation of the 6th April, 1878, embodying the provisions of an Act passed by the General Assembly of Virginia, on the 14th of March, legalising the Exchange, dollar for dollar, of the principal of the outstanding Bonds of the State issued and recognised under the Acts of 30th March, 1871, and of 7th March, 1872, for Bonds bearing interest at the rate of 3 per cent. per annum for eighteen years, and 4 per cent. per annum for thirty-two years, or until paid, and exempting both principal and interest from taxation, the interest to be payable semi-annually at the Treasury, conditionally on the acceptance of these terms by the holders of not less than \$15,000,000 of tax-receivable Bonds.

The Council and Committee, having carefully considered the proposition thus made, were of opinion, that it was useless to submit it for the acceptance of the Bondholders.

They considered that an adjustment, which did not in some way substantially recognise the difference of position occupied by the various classes of Bonds, would not obtain the necessary sanction of all classes, and they authorised their Chairman to enter into direct communication with the authorities of Virginia, with a view to striking out some common mode of action, which might lead to a settlement.

After some further communications had passed on this subject, an agent from this country, possessing a full knowledge of the subject, who was in Virginia, was requested by the Council to arrange with the authorities, if possible, for some proposed settlement, which might command the

support of the Bondholders. Through this gentleman's exertions, the draft of a Bill was agreed upon, a copy of which, on its arrival here, was submitted by the Council to some of the largest and most influential Bondholders, and to the Committee, and approved of by them, and subsequently, having been printed and largely circulated, was submitted to a General Meeting of the Bondholders, and was approved of by a large majority.

Meanwhile, the Legislature of Virginia was convened by the Governor in special session for the 4th December, and he declared his opposition to any repudiation or forcible readjustment. He advised a fair and friendly settlement with the creditors, and embodied in his message the Bill, with the proposals of the Council.

Other proposals were made to the Virginian Legislature, with the same object, but containing terms less favourable to the Bondholders; and, with reference to the various schemes thus submitted, the Legislature passed the following Joint Resolution:—

“ PREAMBLE AND JOINT RESOLUTION

*“ Authorising the Governor to request the Public Creditors  
to meet the General Assembly for Conference about  
a plan of settlement of the State Debt.*

“ Approved January 15th, 1879.

“ Whereas, in the estimation of the General Assembly, it is desirable that such a speedy, just and final settlement of the Public Debt should be consummated as will bring the payment of the interest assumed thereon within the ability of the Commonwealth ; and whereas this General Assembly, at its last session in ‘ an Act to provide for the consolidation of the Public Debt and the payment of an uniform rate of interest thereupon,’ approved March fourth, eighteen hundred and seventy-eight, did submit to the creditors of the Com-



monwealth a proposition, which, parties claiming to represent a large number of said creditors, have indicated their unwillingness to accept; and whereas certain parties representing the holders of a large portion of the bonds of the Commonwealth have, through the Governor, suggested terms of settlement, which, in their opinion, would be acceptable to a very large majority, if not the whole of the holders of Virginia securities, which terms will not, in the judgment of the General Assembly, be acceptable to the people of the Commonwealth, because of the impracticability of increasing the present rate of taxation, and in view of the greatly reduced resources of the State; but are anxious to do all consistent with what is believed to be the interest of the State and her creditors to adjust, if possible, the difference existing between the proposition made by the General Assembly, at its last session, and the several propositions now before us, relating to a settlement of the Public Debt; and whereas the prospect of such a settlement as will be acceptable to both the people of the Commonwealth and holders of the Bonds of the State may be promoted by a direct interview between their respective representatives; therefore,

“1. Resolved by the General Assembly, That the Governor be authorised to request the presiding officer of the Council of Foreign Bondholders of London, England, Messrs. Baring Brothers and Company, Messrs. L. G. and G. C. Ward, Messrs. De Rothschild, Mr. August Belmont, Messrs. Brown Brothers and Company, Messrs. Richard Irvin and Company, Mr. Charles M. Fry and Mr. Hugh McCulloch, or the authorised representative of said persons, and such other creditors of the Commonwealth, or their representatives, as may desire to be present, to meet the General Assembly in the city of Richmond on the twenty-second day of January, eighteen hundred and seventy-nine, for the purpose of conferring upon the subject of an adjustment of the public debt.”

“JOINT RESOLUTION.

“*Authorising the Governor to extend the time for the Conference with the Public Creditors.*

“Approved January 15th, 1879.

“1. Resolved (the House of Delegates concurring), That the Governor be authorised, if in his opinion the day fixed in the Joint Resolution for a Conference with the Public Creditors to be too near at hand for the attendance of many of them, to name a subsequent time for that purpose, and not exceeding, however, ten days from the twenty-second of January, eighteen hundred and seventy-nine.”

“RICHMOND, VIRGINIA,

GOVERNOR'S OFFICE, *January 15th, 1879.*

“Under authority vested in me by the foregoing Joint Resolution, I respectfully tender the invitation therein contained, and designate Thursday, January 30th, 1879, as the Day of the Conference.

“FRED. W. M. HOLLIDAY.”

WEST VIRGINIA.

Governor Matthews in his biennial message to the Legislature, which assembled at Wheeling on the 8th January, 1879, refers to the liability of West Virginia, for a portion of the Ante-Bellum Debt of the Old State of Virginia, and

he looks forward to the conclusion of an amicable settlement of the question.

It will be remembered that the Legislature of Virginia has, since the separation of West Virginia from the original State of Virginia, persistently declined to recognise its obligation to provide in any way for the interest and principal of more than two-thirds of the then existing State Debt. It is hoped that West Virginia will shortly see both the advantage and the obligation of recognising its liability for the other third.

The Financial condition of the State appears to be prosperous, as the revenue is stated in the public press to give a balance over expenditure of nearly \$400,000 at the end of 1878.

## LIBRARY AND RECORD DEPARTMENT.

A number of valuable additions, amounting to 167 books, have again been made to the Library in the course of the year; a few of them were obtained by purchase, but most were received as donations from Her Majesty's Secretary of State for Foreign Affairs, the Governor of Victoria, the Secretary of the United States' Treasury, the Governors of Georgia, Illinois, Indiana, Kansas, Massachusetts, Nevada, South Carolina, and Virginia; from the Presidents of Chili, Colombia, Costa Rica, Mexico, Uruguay, and Venezuela; from the Ministers of Finance of Belgium, Denmark, Holland, and Portugal; and from Mr. R. H. Brooks, Mr. J. Field, Mr. H. Finely, Mr. W. Holmes, Mr. E. Kozhevar, Mr. E. Seyd, Mr. H. Schirges, Mr. H. L. White, and several other gentlemen.

The compilation of extracts from official documents, publications, and newspapers relating to the Loans of Foreign States and the Colonies has been regularly continued, and is thus becoming more and more valuable with every year. These amount now to 217 volumes, and it may safely be asserted, that nowhere else is to be found, so large and instructive a general collection of material, for the financial modern history of the States to which they relate.



SEVENTH ANNUAL GENERAL REPORT  
OF THE COUNCIL  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

*Incorporated on the First of August, 1873,  
by Licence of the Board of Trade.*

---

FOR THE YEAR 1879.

---

TO BE SUBMITTED TO THE  
GENERAL MEETING OF MEMBERS OF THE  
CORPORATION  
CONVENED FOR  
THE 28TH OF FEBRUARY, 1880, AT 12 O'CLOCK (NOON),  
*At the Councilhouse, 17, Moorgate Street,  
in the City of London.*

---

LONDON:  
COUNCILHOUSE, No. 17, MOORGATE STREET.  
FEBRUARY, 1880.



SEVENTH ANNUAL GENERAL REPORT  
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LONDON:  
COUNCILHOUSE, No. 17, MOORGATE STREET.  
FEBRUARY, 1880.



# THE CORPORATION OF FOREIGN BONDHOLDERS.

## NOTICE OF GENERAL MEETING.

NOTICE IS HEREBY GIVEN, that the EIGHTH ORDINARY GENERAL MEETING of the CORPORATION OF FOREIGN BONDHOLDERS will be held at the COUNCILHOUSE, No 17, Moorgate Street, in the City of London, on SATURDAY, the 28th day of FEBRUARY, 1880, at 12 o'clock (noon), for the following purposes :—

- (1.) To consider the Report of the Proceedings of the Council, and the Statement of Accounts made up to the 31st December, 1879.
- (2.) To elect four Members of the Council, in place of Sir John Lubbock, Bart., M.P., Mr. L. N. Bonar, Mr. J. H. Daniell, and Mr. R. Eykyn, who retire by rotation, but, being eligible, offer themselves for re-election.
- (3.) To elect Auditors for the ensuing year. Messrs. Cooper, Wintle & Co., the retiring Auditors, offer themselves for re-election.
- (4.) To transact all other business as may be transacted at Ordinary Meetings of the Corporation, and to pass Resolutions thereon.

By Order of the Council,

HYDE CLARKE,

*Secretary.*

COUNCILHOUSE,

17, MOORGATE STREET, E.C.,

20th February, 1880.

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# MEMBERS OF THE COUNCIL.

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RIGHT HON. EDWARD PLEYDELL-BOUVERIE, *Chairman.*

SIR JOHN LUBBOCK, BART., M.P., F.R.S.,	} <i>Deputy</i>
RICHARD BIDDULPH MARTIN, ESQ.,	

GENERAL SIR GEORGE BALFOUR,  
K.C.B., M.P.

FRANCIS BENNOCH, ESQ.

RIGHT HON. G. A. F. CAVENDISH  
BENTINCK, M.P.

LIONEL N. BONAR, ESQ.

JOHN HENRY DANIELL, ESQ.

ROGER EYKYN, ESQ.

THE RIGHT HON. LORD KINNAIRD.

SIR FRANCIS LYCETT.

HON. HUGH McCULLOCH.

SIR JOHN ROSE, BART., G.C.M.G.

E. H. SCOTT, ESQ.

CORNELIUS SURGEY, ESQ.

GEORGE CAVENDISH TAYLOR, ESQ.

WILLIAM TROTTER, ESQ.

HENRY TUDOR, ESQ.

SIR HENRY W. TYLER.

LT.-GENERAL J. L. VAUGHAN, C.B.

T. M. WEGUELIN, ESQ., M.P.

## Secretary.

HYDE CLARKE, ESQ.

## Standing Counsel.

T. W. SNAGGE, ESQ.

## Solicitors.

MESSRS. TRAVERS SMITH & BRAITHWAITE.

MESSRS. NORTON, ROSE, NORTON & BREWER.

## Notary.

WILLIAM GRAIN, ESQ.

## Auditors.

MESSRS. COOPER, WINTLE & CO.

## Bankers.

MESSRS. ROBERTS, LUBBOCK & CO.

SEVENTH REPORT  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

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SEVENTH ANNUAL REPORT.

IN submitting the Annual Accounts of the Corporation for 1879 to the Members, the Council desire to point out that the results of the past year's work have not only been satisfactory in a mere financial aspect, but that also, by the transactions of which they are the evidence, they indicate the great need which there is of some such Public Institution, and the good which may be effected by its labours.

The reasons for the existence of the Corporation, which are to be found in the number of independent States in different parts of the world, which do not keep their pecuniary engagements to their foreign creditors, and in the want of effective combination or organised action, on the part of such creditors, in dealing with these States, in order to

obtain their rights—do not, unfortunately, seem at all likely to be less numerous, or less strong, in the future, than they have been in the past.

It is the constant endeavour of the Council to afford the means and opportunity for forming and maintaining such organisation, and to lose no fair occasion of urging upon Foreign Governments in default, the importance and the obligation, even with a view merely to their own best interests, of endeavouring to satisfy the just claims of their creditors.

The numerous appeals also, which are daily made, by individual Bondholders, to the Council for information and advice, on all matters connected with the functions of the Corporation, are in themselves a strong proof how much their help, in this respect, is needed and appreciated; and how important it is to have some common centre, where it is known that the materials for information are constantly being collected, whence action can be readily taken, and to which recourse can be had at any moment.

The Council believe that they have now collected and recorded in their archives an amount of detailed information, respecting the various Debts and financial dealings of States in default, which is unrivalled in its character and extent, and the utility of which must increase from year to year.

A short review of some of the prominent events of interest of the past year may not be here out of place.

A large space in their last Annual Report was devoted to the financial affairs of Turkey. The Council regret to be unable to report any substantial progress of these affairs towards a definite conclusion in the course of the last year. The Bondholders are in the same, if not in a worse position than they were twelve months ago. The Porte has not yet learned the bitter lessons taught by adversity, but still lives

from hand to mouth, lays violent hands on the securities solemnly pledged to its creditors, and under the pressure of having to provide for the daily expenditure of the Government, civil and military, as well as for the extravagance of the palace, raises money at usurious interest, which but adds to the perplexities and difficulties of the situation.

The Debt and engagements of Turkey are undoubtedly large, but so are the resources of the Empire. If these were but administered skilfully and faithfully, with a single eye to the credit of the State and its restoration to a sound financial condition, there can be little doubt that these great ends might yet be achieved, and that the creditors of Turkey would be ready to make the sacrifices necessary, on their part, for this achievement.

Any other course but this can only terminate in a conclusion alike disastrous to the Turkish Empire, and to those who have relied on the good faith of its Government.

In contrast to this state of affairs, the Council wish to direct attention to the action of a neighbouring State.

Greece, a country almost stifled at its birth by the action of the great Powers, pent within narrow limits, with a poor soil, with hardly any great industries, with a straitened exchequer, and in the agitation of a national crisis, has, nevertheless, made an effort to wipe out the stain upon her credit which has rested on it for more than half a century. She has conceded to the holders of her Bonds, issued during the war of independence, probably as much as, under the circumstances of the Debt, her revenues could enable her to give for a considerable time to come. The Council have pleasure in recording this fact, and they trust that Greece may continue to follow the path she has thus entered upon, and secure for herself that honourable position among the nations of Europe which it is her ambition to

occupy, and of which a high national credit is one of the essential conditions.

The financial history of Peru offers perhaps the most conspicuous example in recent times of the inevitable result of repeated breaches of good faith and of improvident arrangements with loan contractors. She has therefore appealed in vain for assistance and sympathy to the Bondholders.

The result has been to create a profound distrust in the promises of her Government. It has done even more; it has urged Bondholders to grasp eagerly the helping hand of a neighbouring State, and to do so without scanning carefully how much or how little, undertaken by that State, would satisfy the engagements to the Bondholders.

The Council regret to record a financial event in the North American Continent which forms a lamentable precedent, not likely, they hope, to be followed by any other State of the Union, or indeed by any community claiming to be highly civilised.

The Commonwealth of Virginia has apparently so fallen from the position it once occupied amongst the States of the American Union, as to have made it possible to create there a political and party question, whether just debts, incurred for the development of the country, and the payment of which had been solemnly guaranteed but a few months back, should be paid or not.

A Contract for the re-funding of her Debt, on terms well within her resources, was, after mature deliberation and ample discussion, passed by the Legislature of the State on the 28th March, 1879. The Bondholders have made great sacrifices for the benefit of the State, all the conditions of the Act have been duly complied with, the Debt re-funded exceeded the stipulated amounts long before the dates fixed, but, nevertheless, on the 1st January,

1880, default was made on the Bonds, the ink of which was scarcely dry; and the guarantees provided against such a state of affairs were wilfully suspended.

The Council, however, trust that a little calm consideration of the vital interests of the State, and of the inevitable consequences of this astounding breach of good faith, will induce the citizens of Virginia to pause and to retrace their steps.

In accordance with the provisions of the Articles of Association, Sir John Lubbock, Bart., M.P., Mr. L. N. Bonar, Mr. J. H. Daniell, and Mr. R. Eykyn, retire from the Council by rotation, but being eligible offer themselves for re-election.

A special meeting of the Corporation was held on the 2nd day of December last, to consider certain Resolutions for amending the Articles of Association of the Corporation in some important respects: the Meeting was thinly attended, and motion for its adjournment was carried after a division. The Council, however, are of opinion that two at least of these Resolutions deserve the careful consideration of the Members of the Corporation, and would, if carried, effect important and desirable amendments of its constitution. The first would enable the Council to redeem the certificates of membership from any member willing to sell them at a less price than their original contribution, with an addition of 5 per cent. per annum since its creation, as now required. The other is substantially a proposal to authorize a payment to the members of the Council for their services, and their attendance at the Council Board. The Council are of opinion that this alteration would effect a practical improvement in the working of the important business entrusted to their care, and would be compatible with the financial position of the Corporation. A Special Meeting is therefore summoned



for the same day and hour as the Ordinary General Meeting, to consider these Resolutions.

The retiring auditors, Messrs. Cooper, Wintle & Co., also offer themselves for re-election.

E. P. BOUVERIE, *Chairman.*

HYDE CLARKE, *Secretary.*

18th February, 1880.

## APPENDIX TO REPORT.

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### ALABAMA.

The Council announced, in their last Annual Report, that the protracted and complicated negotiations which they had carried on for more than six years, for the settlement of the claims of the Alabama and Chattanooga Railroad First Mortgage Bonds, had been brought to a conclusion.

It may be therefore of interest to the former holders of these Bonds, while it will prove the advantage of timely and effective interposition by a body like the Council, that the financial results of this settlement should be briefly stated in a clear manner.

The nominal amount of each Old Railroad Bond was \$1,000, or £200; its selling price, some time after the default, was less than £10 per Bond. At the present moment, all holders who had availed themselves of the opportunities obtained for them by the Council's exertions for retrieving their position, are, in lieu of each of their Old Bonds, in possession of the following New Securities, viz.:—

\$116 =	£23 4s.	New Alabama State, Class C. Bonds ;
\$100 =	£20	in 6 per Cent. Preference Shares of the re-organised Railway ;
and \$1,000 =	£200	in Ordinary Shares of the same Railway.
<hr style="width: 20%; display: inline-block; vertical-align: middle; margin-right: 10px;"/>		
Total	\$1,216 =	£243 4s. nominal.

The present market value of the above New Securities exceeds £118, and if the cost of the investment contributed in Preference Shares is deducted, there still remains a property having a present market value of £98 to compare with the £10, the former selling price of the original Security in default.

## AUSTRIA.

### SOUTH AUSTRIAN (LOMBARDO-VENETIAN) RAILWAY.

The Ordinary General Meeting of Shareholders was held at Vienna on the 28th May, 1879, for the purpose of receiving the Report for 1878, from which it appeared that the prospects held out by the progress made during the previous year had not been realised, although the undertaking had maintained its position.

## BOLIVIA.

### Committee of Bolivian Bondholders.

A. W. Ray, Esq., <i>Chairman</i> .	John Coxhead, Esq.
Thos. Cave, Esq., M.P., <i>Deputy</i>	R. Reader Harris, Esq.
<i>Chairman</i> .	H. E. Ormerod, Esq.
Right Hon. E. Pleydell-	H. E. Trehella, Esq., M.D.
Bouverie, <i>Ex-officio</i> .	
H. C. Batchelor, Esq.	<i>Secretary.</i>
Fras. Bennoch, Esq.	
Lionel N. Bonar, Esq.	Hyde Clarke, Esq.

The action brought by the Bondholders against the National Bolivian Navigation Company, the Madeira and Ma-

more Railway Company, and others, entitled "Wilson v. Church," came on for hearing before Mr. Justice Fry in the Court of Chancery in April last, and on the 24th of that month he dismissed the action with costs against the Bondholders. He also ordered the engineers' certificates for work done to be paid by the Trustees out of the fund in the Bank of England.

The Committee were advised that this decision could be successfully appealed against, and application was immediately made, on the part of the Bondholders, to the Court above, to advance the appeal from Mr. Justice Fry's decision, and for leave to serve notice of motion for an injunction to restrain the Trustees from parting with any portion of the fund.

This leave was granted by the Lords Justices of Appeal on the 30th of April: and on the 7th of May the Appeal Court granted the injunction asked for, and fixed the 19th of May for hearing the appeal itself.

At that date the appeal came on for hearing, and after lasting nine days the case was decided in favour of the Bondholders, the Judges reversing the decision of Mr. Justice Fry, and granting costs against the defendants. The Judges were unanimous in their opinion, and commented severely on the conduct of the various Defendants.

They decided that the whole of the funds held in trust belonged to the Bondholders, and they disallowed the claims of the various contractors.

On the 20th of June, an order was made by the Court of Appeal for the distribution to the Bondholders of £750,000 out of the fund, a sum which would have given about £45 per £100 Bond; but an application having been made by the Defendants for an injunction to restrain the Trustees from parting with the fund pending an appeal to the House of Lords, an order to that effect was granted on the 4th of

July, and the Defendants were ordered to lodge their appeal case by the 1st of August.

An extension of time to the 1st of September was subsequently granted, on which date the appeal to the House of Lords was lodged, and it is expected that the case will be heard within a very short time.

The amount of Bonds deposited by their holders at the Alliance Bank for exchange for certificates now reaches a total of £1,389,200, or about five-sixths of the Bonds outstanding.

The Committee convened a general meeting of the Bondholders, which was held on the 24th of July, and at which Resolutions were passed authorising the Committee to raise the funds necessary for carrying on the appeal to the House of Lords, by means of a further charge of 10s. per cent. on the Bonds deposited at the Alliance Bank, such further charge to be stamped upon the certificates issued to represent these Bonds.

The Council, at the request of the Committee, undertook the operation of stamping the certificates; and, up to the present time, certificates to the amount of £620,400 have been presented at the Councilhouse.

## COLOMBIA, UNITED STATES OF (NEW GRANADA).

### Colombian Committee.

The Right Hon. E. Pleydell-Bouverie, *Chairman of the Council of Foreign Bondholders, Chairman.*

E. Jeggins, Esq.

A. Northen, Esq.

E. Wright, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Bankers for the 4 $\frac{3}{4}$ % Loan.*  
London and County Bank.

*Bankers for the 6 % Loan.*  
London and County Bank.

*Agent at Bogotá.*  
Charles O'Leary, Esq., H.B.M.'s  
V.-Consul.

The Government of the United States of Colombia, which has hitherto set an example to the other Spanish American Republics of fidelity to its engagements to the Bondholders, has, unfortunately for its high financial reputation, in consequence of internal political dissensions, been unable to continue its monthly payments for the service of its External Debt with the punctuality which formerly distinguished it.

Disturbances have occurred in several of the States of the Union, and the expenses entailed in the restoration of order appear to have emptied the Central Treasury at Bogotá.

The trade of the country, which had not recovered its balance since the previous civil war, has been again detrimentally affected; but with a fertile soil, a government anxious to maintain its credit, and a population the products of whose industry is increasing in quantity and value, there seems good ground to hope that Colombia will see its financial and commercial prospects greatly improved.

These will become still better should the project of a canal through the Isthmus of Panama—a part of the Federal territory—which the genius of M. de Lesseps has initiated, be carried into operation.

The Coupons due in 1877, which had fallen in arrear, were all paid, and the service of the debt at the increased rate of  $4\frac{3}{4}$  per cent. per annum, with quarterly drawings, was regularly met until February, 1879, the instalment for which month was the last payment made to the agent of the Bondholders, until the month of September last, the quota for which was paid.

Six monthly payments were therefore left unprovided for in 1879, but it is understood that the Government are in course of effecting an arrangement to obtain funds for the liquidation of the Coupons thus left in arrear.

The Bondholders are under considerable obligation to

Colonel C. E. Mansfield, Her Majesty's Consul-General, for the manner in which he has guarded their interests at Bogotá.

The holders of Bonds have received payment of the following Coupons and drawn Bonds during the past year, viz.: the 16th Coupon at  $4\frac{1}{2}$  per cent.; the 22nd, 23rd, and 24th Coupons at  $4\frac{3}{4}$  per cent.; and the Bonds drawn at par on the 18th of December, 1878, the 1st of April, 1879, and the 25th of June, 1879.

In view of the suspension of remittances, and the consequent absence of funds, the Council and the Committee have not considered it desirable in the interest of the Bondholders to continue the quarterly drawings of these Bonds, as the Bonds if drawn, but not paid, are thereby rendered unsaleable.

The 7th and 8th quarterly drawings, which should have been held in September and December, 1879, respectively, have not therefore taken place.

Señor Don Justo Arosemena, formerly Minister of Colombia in England, has been accredited Minister to the United States of America, and presented his credentials to the President on the 27th of October last, when he was well received. Hopes are entertained of the financial success of his mission.

#### 6 PER CENT. LOAN OF 1863.

Although the payments made by the Government on account of this Loan were suspended at the same time as those for the  $4\frac{3}{4}$  per cent. debt of 1873, it was nevertheless possible to meet the Coupons at maturity, as they became due only at half-yearly periods.

They were accordingly paid with punctuality on the 1st April and 1st October respectively.

Bonds to the amount of £8,200 were also drawn on the 8th October for repayment at par.

## COSTA RICA.

## Seven per Cent. Costa Rica Committee.

A. G. Sandeman, Esq., *Chairman*.

The Right Hon. E. Pleydell-Bouverie, *Ex-officio*.

Francis Bennoch, Esq.

E. Lennox Boyd, Esq.,  
F.R.G.S., F.S.A.

T. Cave, Esq., M.P.

James Cooper, Esq.

W. Detmar, Esq.

T. Dowling, Esq.

W. E. Duncan, Esq.

Roger Eykyn, Esq.

W. Godfrey, Esq.

R. Grant, Esq.

G. de G. Griffith, Esq., M.D.

Wm. Griffith, Esq., B.A.

G. D. Harris, Esq.

L. Harrison, Esq.

W. J. Harvey, Esq.

J. Cooke Harker, Esq.

T. P. Hearne, Esq.

T. Hobday, Esq.

G. A. King, Esq.

J. M. Louis, Esq.

J. F. Lovering, Esq.

Captain R. Murray.

H. Price, Esq.

A. W. Ray, Esq.

Thomas Sidney, Esq., Alderman.

H. Skynner, Esq.

C. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.

## Six per Cent. Costa Rica Committee.

G. T. Rait, Esq., *Chairman*.

Right Hon. E. Pleydell-Bouverie, *Ex-officio*.

E. Campion, Esq.

J. Cowan, Esq.

J. Davis, Esq.

H. M. Jenkins, Esq.

N. Levy, Esq.

F. Mercier, Esq.

J. Proctor, Esq.

H. Staples, Esq.

*Secretary.*

Hyde Clarke, Esq.



## Joint Sub-Committee of Conference.

A. G. Sandeman, Esq., *Chairman*.Right Hon. E. Pleydell-Bouverie, *Ex-officio*.

F. Bennoch, Esq.

T. Cave, Esq., M.P.

L. Harrison, Esq.

G. T. Rait, Esq.

H. Staples, Esq.

C. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.

The following Report to the Bondholders was issued on the 17th March last by the Committees for the Six per Cent. and for the Seven per Cent. Loans, affiliated to the Council :—

## THE COSTA RICA LOANS.

The two Committees for the Costa Rican Loans (Six per Cent. and Seven per Cent. respectively) have met, from time to time, with a view of deliberating on the best mode of promoting the interests of the two classes of Bondholders whom they represent. As these interests are in many material respects identical, they agreed, some time back, to nominate a joint Sub-Committee, who should, in these respects, consult and act together in relation to the Costa Rican Government and any negotiations with it. This Government, many months ago, approached the Committee through a representative specially authorised and empowered to treat with them, who laid before them certain proposals, which were of a somewhat indefinite character, relating to the completion of the Costa Rican Railway, but which were not of a complexion to justify the Committee in holding out any hope to the Costa Rican Envoy that they could be accepted. They made further communications and proposals to this gentleman, Señor

Lizano, but they were unable to obtain any answer from him, notwithstanding their repeated applications for a reply.

In the meantime, a fresh Representative has recently been sent here by the Costa Rican Government, and the Committee has reason to believe that this gentleman, Señor Peralta, is pursuing with vigour, on the part of his Government, that suit which was commenced by them, in 1874, against the Contractors for the Seven per Cent. Loan and others, and which has practically been languishing for a considerable period, without any advance towards its termination.

The Committee had previously urged upon Señor Lizano the importance of diligently following up these legal proceedings, and now that this course has been adopted, they are of opinion that it is useless at the present moment to press the Government of Costa Rica to enter upon an immediate settlement with the Bondholders (to whom indeed that Government have made no payment whatever from their own resources on the other side) till the suit is got out of the way. The Government avow that they are not prepared to come to such a settlement until afterwards, and then they state they will be ready to enter into arrangements for that purpose. They are devoting their surplus revenues, really the property of the Bondholders, to the gradual completion of the railway, which will very materially assist the future growth of the great resources of their country. The wealth and prosperity of the country are increasing, and will undoubtedly receive a very rapid development when the railway is opened from sea to sea.

A considerable surplus revenue is shown to exist already above the ordinary charges of the Government, which, but for the expenditure on the railway, would go far, if not be

fully adequate, to discharge the interest on the whole of the outstanding Bonds of the External Debt in the hands of the public.

In the meantime, the Committees are respectively of opinion that it would be unadvisable now to call a meeting of the Bondholders, as has been suggested from many quarters, and beg leave to assure their constituents that they will leave no opportunity neglected to push a fair settlement of their claims to a conclusion.

COUNCIL OF FOREIGN BONDHOLDERS,  
17, MOORGATE STREET, LONDON.  
*17th March, 1879.*

The legal proceedings referred to in the foregoing Report continue in progress under the superintendence of Señor Peralta.

In the message of General Guardia, the President, relative to the administrative operations of the Government during 1878, published in June last, the following passage occurs:—"The Bondholders have made various propositions to compromise their claims against the country, and even showed themselves disposed to accept 10 per cent. of the debt. This advantageous offer was not accepted, rather from sentimental than practical reasons, and the Government is disposed to pay all the debt which may be adjudged as the result of the pending suits."

With reference to the Railway, the message states that President Guardia is confident of his ability to carry forward both sections of the Railway at the same time, and to unite them in the interior at an early date. The amount of funds at present available for this purpose is the balance in the Treasury at the end of the fiscal year, which reaches the very respectable sum of \$674,885.

“ The work of construction of the Pacific section presents  
 “ few difficulties. The country is healthy, labour is found  
 “ at different points along the proposed line at reasonable  
 “ rates, the grading, bridging, etc., is light as compared  
 “ with the Atlantic section, and everything points to the  
 “ probable completion of the Pacific section of the road to  
 “ Alajuela before junction is effected at Cartago, or beyond  
 “ with the Atlantic division. The amount available for the  
 “ cost of construction during the year would have been  
 “ larger but for the expenses of litigation in England, for  
 “ which the sum of \$58,000 was needed.”

The newspaper, “ La Gaceta Diario Oficial,” published at San José on the 10th of September, contained the following official Report of the Railway works:—

“ On the first division the engine ran on the line every  
 “ day, taking 14 waggons with 1,977 sleepers, 8 waggons  
 “ with 300 steel rails, 8 with 17 girders for bridges, 4 with  
 “ provisions, and 1 with an iron tank for the Siguirres  
 “ station; 561 waggon loads of ballast have been distri-  
 “ buted over the first division. The works of the great  
 “ Moin Bridge are going on. The iron tubes have been  
 “ filled with concrete, the masonry for the abutments has  
 “ been commenced already. Between Matina and Pacuaré  
 “ the navvies are fast altering the temporary into a per-  
 “ manent way, replacing the sleepers for this purpose. The  
 “ road to the Reventazon river is far advanced, and the  
 “ works on the second division, from the Reventazon river  
 “ forwards, are principally earthworks, and are compara-  
 “ tively easy. Fewer men are required on this than on the  
 “ first division, upon which all the attention of the engineers  
 “ seems to be concentrated.”

And later, the “ Panama Star,” of the 23rd October, stated:—

“ The rail is now located some four miles from the

"Reventazon, that is to say, forty-four miles from Limon, the handsome iron bridge across the river Siguirres, 125 feet span, being completed. The total force on the road is 600 men, whose number is daily augmented by arrivals from Jamaica, Honduras, and other places."

The Report of Consul Meujens, dated St. José, February 1879, states :—

"If only the Railroad to the Atlantic could be completed, there is little doubt but that Costa Rica would be one of the most prosperous countries in Central or South America."

On the subject of population he says that 175,000 souls are generally considered to be a liberal estimate, and again : "There are mines of gold, silver, and other metals, most of which are reported very rich, but little is done with them for want of capital, skilled labour, and good roads."

It appears, therefore, that the State is really making serious progress in the completion of the great public work, which it has been long its object to create, and which they invited the Bondholders to assist in finishing.

With such prospects before it as are thus described, the Council hope that an arrangement of the debt with the External creditors will become a vital necessity to the ruling authorities of the country.

## ECUADOR.

### Ecuadorian Committee.

J. Field, Esq., *Chairman.*

Rt. Hon. E. Pleydell-Bouverie,

*Ex-officio.*

F. Bennoch, Esq.

L. N. Bonar, Esq.

E. Haslewood, Esq.

Admiral of the Fleet Sir

Provo Wallis, G.C.B.

Ed. Wright, Esq.

*Secretary.*

H. Schirges, Esq.

An appeal on behalf of the Bondholders was addressed by the Committee to General Veintemilla, the President of the Republic, on the 17th April last, urging a settlement of their claims. It was forwarded by the Council for presentation by His Excellency, Mr. Douglas Hamilton, Her Majesty's Minister at Quito. To this representation no direct reply has yet been received.

There being substantial reason to believe that a large sum of money has accumulated in the Ecuadorian Treasury—the produce of the Customs' duties, much augmented lately by the diversion of trade to the port of Guayaquil, in consequence of the hostilities which exist between Chili and Peru—the Committee considered an opportune time had arrived for effecting an arrangement of the debt of the Republic. The Council and the Committee therefore received a proposal which was made for a settlement, on the principle of a considerable cash payment in respect of overdue Coupons, to compensate in some measure for a concurrent reduction in the capital of the Debt.

The tentative negotiations which have followed this proposition are not sufficiently advanced to enable the Committee to lay the plan they suggest for adoption before the Bondholders; but no delay will occur in informing them of the position of affairs when the negotiations are sufficiently developed.

The increasing prosperity of Ecuador seems to warrant the hope that the Republic will once more resume the position of a debt-paying State. The Customs are reported to have produced £186,000 in 1878, and to be increasing in value; and cocoa, the chief article of commerce, has had a yield in 1879 in excess, it is said, of any crop previously for many years.

## EGYPT.

No change occurred during 1879 in the arrangement made by the Right Hon. G. J. Goschen and Mons. Joubert, which was embodied in the decree issued by Ismail Pacha, Khedive, on the 18th November, 1876, with regard to the service of the short loans of 1864, 1865—6, and 1867, and of the 5 per Cent. Preference Stock. But the Bondholders of the Unified debt have suffered both as regards the payment of their interest, and the proper application of the Sinking Fund.

A decree was issued by the Khedive on 22nd April, 1879, reducing the rate of interest on the Unified debt to 5 per cent., and the coupon due 1st May last, was paid at the reduced rate.

Although the Decree of the 22nd April was afterwards annulled, the coupon of 1st November was paid at the still lower rate of 2 per cent. for the half-year. The Council thereupon requested Mr. Goschen to inform them of the course he proposed to take on behalf of those Bondholders whose interests were thus detrimentally affected.

Mr. Goschen stated in reply that he considered "the matter had entirely passed out of his hands, since the appointment of the Commission of Inquiry, and the action of the Governments of England and France." And he added that "the Bondholders have in the Council of Foreign Bondholders, a body well qualified to give expression to their wishes, and to defend their interests."

The Council thereupon addressed a letter to the Commissioners of the Public debt of Egypt, on the 24th of November, requesting the favour of their immediate at-



tention to the adjustment of the claims of the Bondholders, on the basis of the agreement of 1876.

In their reply dated the 8th of December, the Commissioners stated that they had "protested against the "non-performance of the engagements of the Government, "in the matter of the coupon of 1st November, 1879," and they "thought that their protest would at present suffice "to protect the interests confided to their charge."

The Controllers have since issued their Report, which has been extensively made known by the press, the main features of which appear to be the abolition of the Moukabalah, and the reduction of the interest of the Unified stock to 4 per cent., with an additional 1 per cent., if there are such sufficient ways and means to provide it from time to time.

The usual monthly statements of receipts of the Treasury of the Public debt, on account of the different classes of debt, have been furnished to the Council by the Commissioners, and have been duly communicated to the press.

The annexed tables show the receipts during 1879.

A table shewing the revenue for last year cannot be given, as, in consequence of the several changes which have taken place in the administration, the returns have not been regularly forwarded.

The following extracts from the Report, presented by the Controllers-General Mons. de Blignières and Major Evelyn Baring, C.S.I., on the 1st of January, 1880, to H. H. the Khedive, are made for the information of the Bondholders. The reply of H. H. the Khedive to the Controllers is also subjoined.

#### " I. UNIFIED DEBT.

" We consider it as quite certain that, for the present "at all events, Egypt cannot meet its bonded engagements.



“The reasons on which we base our opinion are stated in  
 “the last Report of the Commission of Enquiry (pp. 1-8, see  
 “also the Report of the Commissioners of the Public Debt  
 “for the year 1878, pp. 29-34).

“During the years 1877 and 1878 the expenses of the  
 “Government exceeded its receipts by Lst. 4,822,000, and  
 “any reductions which have been effected in the amount of  
 “the Consolidated have been counterbalanced by an increase  
 “in the Non-Consolidated Debt.”

\* \* \* \* \*

“It is desirable, before going any further, to allude to  
 “the sums still owing on account of Coupons which have  
 “already fallen due.

“These are —

“Coupon of November 1st, 1878—

“ $\frac{1}{2}$  per cent. sinking fund . . . Lst. 280,800

“Coupon of May 1st, 1879—

“ $\frac{1}{2}$  per cent. interest and  $\frac{1}{2}$  per cent.

“sinking fund . . . . . „ 561,350

“Coupon of November 1st, 1879—

“1 per cent. interest, and  $\frac{1}{2}$  per cent.

“sinking fund . . . . . „ 841,782

“Total . . . . Lst. 1,683,932

“We cannot hold out the least hope that these sums will  
 “ever be paid to the Bondholders. The only fund from  
 “which they could possibly be paid is the balance of the  
 “Domains Loan still due to the Egyptian Government. But  
 “no money from this source is available. Of the proceeds  
 “of the Loan a sum of Lst. 1,200,000 was applied to the  
 “payment of the Coupon of November 1st, 1878, on the  
 “Unified Debt. The balance which now remains due is,

“under the decree recently issued by your Highness with  
 “the assent of the Powers, to be applied to the part payment  
 “of the Non-Consolidated Debt.”

\* \* \* \* \*

“The nature of the arrangement which we propose is of  
 “this kind:—

“That a minimum rate of 4 per cent. interest should be  
 “guaranteed, the Government taking upon itself an engage-  
 “ment to make good any deficit in the pledged revenues up  
 “to that amount; that, in the event of the pledged revenues  
 “being more than sufficient to pay 4 per cent. interest, the  
 “surplus should be distributed in interest up to a maximum  
 “of 5 per cent., and that any further surplus should be  
 “applied to the redemption of the stock by purchase; and  
 “lastly, that any general budget surplus should be applied  
 “one-half to the wants of the Government and one-half to  
 “the extinction of debt.

“We do not think that there can be any question at pre-  
 “sent of guaranteeing the payment of 6 per cent., or even of  
 “5 per cent. The only practical question to decide has been  
 “whether to fix the interest at an uncertain 5 per cent. or a  
 “certain 4 per cent.

“If the maladministration of the past *régime* were to be  
 “perpetuated it would be impossible to give any positive  
 “assurance that the interest, to whatever extent it might be  
 “reduced, would be regularly paid. Any confidence which  
 “can now be entertained results solely from the honest in-  
 “tentions of the Government, and its firm determination to  
 “persevere in its present policy.

“Were it possible to leave untouched all the revenues  
 “now pledged to the service of the debt a somewhat higher  
 “rate of interest might perhaps be assured (see report of the

“Commissioners of the Public Debt for the year 1878, p. 47).  
 “But it is impossible to carry out the principle of respecting  
 “special pledges in its entirety. The revenues now pledged  
 “to the Bondholders represent so large a proportion of the  
 “total income of the Government that it is impossible to  
 “ensure the efficient march of the administration and the  
 “punctual payment of the tribute, which constitutes a first  
 “charge upon the revenue.

\*                      \*                      \*                      \*                      \*

## “II. PREFERENCE STOCK.

“We advise the Egyptian Government to make no change  
 “in the position now occupied by the Preference Bond-  
 “holders.

\*                      \*                      \*                      \*                      \*

## “III. THE SHORT LOANS.

“The short loans ought, under the provisions of the decree  
 “of November 18th, 1876, to be paid off at 80. The speedy  
 “redemption, and not the high rates of interest on these  
 “loans, has been the cause which has mainly contributed to  
 “keeping up their price in the market. If a conversion were  
 “effected on the basis of the market value of the Unified  
 “Debt, the Bondholders would probably be able to sell their  
 “Unified stock for about the same price as they would now  
 “realise for the stock they actually hold. We advise the  
 “Government to act in this sense.

“Our proposal would involve an increase of about  
 “Lst. 2,056,000 in the nominal capital of the Unified Debt.

\*                      \*                      \*                      \*                      \*

“Experience has shown that the main defect of all former  
 “attempts to regulate the Egyptian financial situation  
 “has been that they have been too optimistic. We have  
 “endeavoured to steer clear of this error. The only hope of

“effecting a final settlement of the present difficulties is to  
 “be found in fixing the charges on account of the debt at so  
 “low a figure that the execution of the engagements taken  
 “can be fully assured, and in allowing both the Government  
 “and the creditors to profit, in such a degree as circumstances  
 “may render possible, from any increase of revenue arising  
 “from improved administration or other causes.

“The real guarantee to the creditors that faith will be  
 “kept with them consists, not so much in the details of any  
 “special arrangement, as in the good government of the  
 “country and the intentions of its rulers. We sincerely be-  
 “lieve that, in affording whatever support lies in their power  
 “to your Highness and the present Ministers and in thus  
 “facilitating the difficult and responsible task which is the  
 “legacy of previous misgovernment, the creditors will be  
 “not only performing an act of justice, but will be doing what  
 “is best in their own interests.”

\*                      \*                      \*                      \*

#### LETTER FROM H.H. THE KHEDEVE TO THE CONTROLLERS- GENERAL.

“CAIRO, *January 8th*, 1880.

“GENTLEMEN,

“I have considered the report you have addressed to me.

“In this report you set forth the general outlines of the  
 “financial arrangements which you think advisable to submit  
 “to my Government in respect to the settlement of the Con-  
 “solidated Debt.

“Before replying I wished to examine the general results  
 “of the budget now in course of preparation.

“The Budget, which is now compiled so far as its most  
 “important parts are concerned, enables me and my Govern-  
 “ment to accept your views, and especially to take the fol-  
 “lowing engagements :

“1. To maintain at 5 per cent. the rate of interest on the  
“Privileged Debt;

“2. To pay a minimum rate of interest of 4 per cent. on  
“the Unified Debt.

“The fulfilment of the above engagements are, however,  
“subject to the following essential conditions :

“(a) A distinct line of demarcation must be drawn between  
“the future and the past on the 31st of December, 1879, and  
“the debts prior to that period must be settled by the law of  
“liquidation about to be promulgated in order that the  
“Government may in no case and on no account be sued by  
“reason of claims acquired before the 1st of January, 1880 ;

“Without drawing such a line of demarcation it will be  
“impossible for the Government to ensure the realisation of  
“its budget, and consequently the regular working of the  
“administration ;

“(b) The conversion of the short loans into bonds of the  
“Unified Debt ;

“(c) A special arrangement for the settlement of the  
“claims of the Paris Syndicate.

“I am convinced that the success of all financial measures  
“chiefly depends on the regular working of the administra-  
“tion.

“You have, since your arrival, been in a position to  
“appreciate the course followed and the efforts made by me  
“and my Ministers with a view of introducing order and  
“regularity into the administrative service, of providing for  
“the welfare of the people whose destinies are committed  
“to my charge, and of giving legitimate satisfaction to the  
“interests of the creditors.

“The most complete harmony of views exists between  
“me and my Ministers, who are animated by the same feel-  
“ings as myself, and who accept the same degree of respon-  
“sibility.

“The reforms which the situation of the country demands  
“are difficult of execution, and a certain amount of time  
“will necessarily be required in order to carry them out.  
“But with God’s help and thanks to the counsels of my  
“Ministers and to your advice, which I shall always take  
“into serious consideration, I trust we may succeed in  
“attaining the aim which we pursue in common.

“Accept, gentlemen, the expression of my best feelings,

“MEHEMET THEWFIK.”

# RECEIPTS ON ACCOUNT OF THE UNIFIED DEBT FOR THE YEAR 1879.

1 to 31 January.	1 to 28 February.	1 to 31 March.	1 to 30 April.	1 to 31 May.	1 to 30 June.
Piastres. Tariff. 26,831,918 24 say £275,199	P. T. 24,021,269 24 say £242,372	P. T. 19,835,447 01 say £203,441	P. T. 71,327,212 33 say £731,561 *Less— P. T. 21,826,437 20 say £223,861	P. T. 19,105,844 09 say £195,958	P. T. 5,593,689 20 say £57,371

\* This deduction was made to complete the sum necessary for the service of the Preference Stock due 15 April.

1 to 31 July.	1 to 31 August.	1 to 30 September.	1 to 31 October.	1 to 30 November.	1 to 31 December.
Piastres. Tariff. 6,681,806 10 say £68,531	P. T. 9,907,173 05 say £101,612	P. T. 17,299,213 21 say £177,428	P. T. 60,680,512 26 say £622,364 †Less— P. T. 15,880,020 say £162,872	P. T. 11,451,288 38 say £117,450	P. T. 18,790,751 25 say £192,726.

† This deduction was made to complete the sum necessary for the service of the Preference Stock due 15 October.

RECEIPTS ON ACCOUNT OF THE LOANS OF 1864, 1865-6, AND 1867 FOR THE YEAR 1879.

1 to 31 January.	1 to 28 February.	1 to 31 March.	1 to 30 April.	1 to 31 May.	1 to 30 June.
Piastres. Tariff. 5,591,291 20	P. T. 2,168,891 08	P. T. 1,990,185 01	P. T. 27,690,484 28	P. T. 9,685,358 37	P. T. 15,580,664 28
say £57,346	say £22,245	say £20,413	say £284,006	say £99,334	say £159,802

C

1 to 31 July.	1 to 31 Aug.	1 to 30 September.	1 to 31 October.	1 to 30 November.	1 to 31 December.
Piastres. Tariff. 2,525,958 33	P. T. 2,135,482 27	P. T. 19,703,159 34	P. T. 3,435,760 27	P. T. 12,232,943 05	P. T. 3,139,505 28
say £25,907	say £21,903	say £202,084	say £35,239	say £125,465	say £32,200



# RECEIPTS ON ACCOUNT OF THE FIVE PER CENT. PREFERENCE STOCK (RAILWAYS) FOR THE YEAR 1879.

1 to 31 January.	1 to 28 February.	1 to 31 March.	1 to 14 April.	15 to 30 April.	1 to 31 May.	1 to 30 June.
Piastres.    Tariff. 3,412,500    0 say £35,000	P.    T. 1,950,000    0 say £20,000	P.    T. 2,535,000    0 say £26,000	P.    T. 2,047,500    0 say £21,000 plus* P.    T. 21,826,437 20 say £223,861	P.    T. 2,437,500    0 say £25,000	P.    T. 4,192,500    0 say £43,000	P.    T. 4,387,500    0 say £45,000

\* This sum was deducted from the Receipts of the Unified Debt to complete the sum necessary for the half-yearly service due 15 April.

1 to 31 July.	1 to 31 August.	1 to 30 September.	1 to 14 October.	15 to 31 October.	1 to 30 November.	1 to 31 December.
P.    T. 4,582,500    0 say £47,000	P.    T. 5,167,500    0 say £53,000	P.    T. 1,755,000    0 say £18,000	P.    T. 4,777,500    0 say £49,000 plus† P.    T. 15,880,020 0 say £162,872	P.    T. 3,607,500    0 say £37,000	P.    T. 10,725,000    0 say £110,000	P.    T. 9,847,500    0 say £101,000

† This sum was deducted from the Receipts of the Unified Debt to complete the sum necessary for the half-yearly service due 15 October.

## DAIRA SANIEH DEBT.

The Report which was issued on the 3rd July, 1879, gives a detailed statement of the position of the Daira Sanieh.

Although the Controllers of the Daira have had to contend with great difficulties, the interest has been paid in full. But, in consequence of there not having been funds available to apply to the Sinking Fund, the outstanding amount of the debt has not decreased.

To quote the words of the able Report of Mr. Alonzo Money, C.B., the Controller, "The present position of the Daira is this. It is in debt, but the difficulties which have produced this indebtedness are almost past. The whole of the Loan of 1870 has been converted with the exception of £E. 30,520 (£31,303 sterling) all the Daira bills have been converted. The exact position of the Daira sur Mallieh bills is not known. But what is certain, from figures received some time ago, is that a small sum only, if anything, remains unconverted. The fact that for some time no proceedings have been taken against the Daira, warrants also the belief that this source of trouble is dried up.

"The figures for 1878 are a proof of the valuable security the creditors hold for their debt.

"I believe that the estate can pay 5 per cent. on that debt, but the administration wants entire remodelling.

"An enormous property like this should be subject in all its parts to close and constant inspection and supervision from head quarters.

"The whole theory of purely native administration is opposed to this.

"Each Muffettish or Manager of a division is left to do his best. If, as at Rodah, the Muffettish is a good officer,

“ the system works fairly well. Otherwise it works very badly.

“ The Controllers must be placed in a very different position from that which we have occupied.

“ In the East nothing can be done without distinct authority, and authority is in the hands of those who hold the purse strings, and who have the power to nominate, to reward, and to punish. Without authority, the practical and full authority which the administration alone can possess, the best efforts are thwarted by the wonderful *vis inertiae* of the country or other influences.”

## GREECE.

The Board constituted by authority of the Hellenic Government, to supervise and carry out the conversion of the Greek Independence Loans of 1824 and 1825, under the terms of the Convention for such conversion, duly notified that they were prepared to receive the Bonds and Coupons of those Loans for exchange into New Stock, on and after the 5th March, 1879.

The New Bonds delivered have, it is believed, fairly covered all the Old Securities held in Great Britain, as well as a considerable amount in foreign hands.

The Coupons due 15th July 1879, and 15th January 1880 have been paid, and the first drawing of Bonds was held at the Councilhouse on the 20th November last, when an amount of £28,950 was drawn for payment in the following January, and has been also paid.

Telegraphic information has been received (18th February, 1880) that the Royal Decree, authorising the modification of the conditions of the agreement for conversion as to the official quotation on the Stock Exchange, has been ratified by the Chamber.

## GUATEMALA.

## Guatemala 1869 Committee.

General Sir George Balfour,

K.C.B., M.P., *Chairman*.

Right Hon. E. Pleydell-

Bouverie, *Ex-officio*.

H. F. Bailey, Esq.

Dr. Behrend.

Robert Bowden, Esq.

James Roberts Brown, Esq.

James Charles, Esq.

Robert Fisher, Esq.

Sir F. Lycett.

George Cavendish Taylor, Esq.

S. W. Willet, Esq.

Morgan Yeatman, Esq.

Brodie de Zulueta, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Agents for Arrear Certificates.*Messrs. I. Thomson, T. Bonar,  
and Co.*Agent.*Sir Henry Scholfield, H.B.M.  
Consul, Guatemala.

The position of the holders of the Bonds of the 6 per Cent. Loan of 1869 continues to be one of expectancy.

In the Report of the Council for 1878 it was stated that Sir Henry Scholfield had undertaken a mission to this country on behalf of the Government, and had returned to offer certain propositions for its acceptance. These propositions were communicated to the Council and Committee through Messrs. Thomson, Bonar & Co., the Agents for the Loan, and the Committee considered that they might be offered to the Bondholders for their consideration.

The terms offered were to capitalize the arrears of interest due, and to issue against them bonds of the Internal Debt of Guatemala for an equivalent amount at the rate of \$5 per £ sterling. These Bonds bear 12 per cent. interest, and stood at that time at the price of 55 per cent. in the

country. These proposals the Committee considered might, if duly decreed by the Government of Guatemala, be adopted by the Bondholders upon their recommendation.

Sir Henry Scholfield arrived in Guatemala on his return from England, on the 2nd February, and communicated the views of the Council and the Committee of Bondholders to General Don Rufino Barrios, the President, who received his proposals favourably; but after discussion the President considered it advisable that a proposition should emanate from the Constitutional Assembly which was summoned to meet in the month of March, and it was agreed that the terms of the proposition should be as follows:—

I.—In order to provide for current interest, to decree a special increase of 10 per cent. on the Custom House duties, which, on the then estimated return of £300,000 per annum, would amount to £30,000 a year. The proceeds of this tax to be delivered to the Bondholders daily, and the payments to commence as soon as the Assembly legalized the arrangement.

A Clause in the authority would prohibit the application of these funds to any other purpose than the payment of interest on the Loan of 1869.

II.—Interest accrued and in arrear, was understood to include the interest due in London on 1st October, 1879, as it was considered impossible to provide in time for the payment of the Coupon due on that date, the amount of interest in arrear then amounting to £107,778. These arrears were proposed to be liquidated by the issue of a 6 per Cent. Bond with a Sinking Fund of 9 per cent., specially authorised by a decree of the Assembly, which also sanctioned that 5 per cent. of the Custom House duties must be paid in these Bonds only.

On the estimated receipt of £300,000 per annum from Customs duties, an assessment of 5 per cent. would yield

£15,000. Taking the approximate amount of arrears of interest at £100,000, £6,000 would be the interest required at 6 per cent., and for the Sinking Fund £9,000—total £15,000, thereby securing the extinction of the arrear claim in about eleven years.

It is here necessary to explain that the actual amount of Interest in arrear, including the Coupon of 1st October, 1879, is £107,778, arising from the original Sinking Fund not having been continued, whereby the repayment of the Capital of the Loan, as agreed on, has ceased since April, 1871. But the real amount of arrears of Interest and Capital can best be calculated by the total sum that the Bondholders would have received if the agreed-on annual payment for Interest and Sinking Fund of £45,000 per annum had been regularly remitted, so as to have paid the Interest and the Sinking Fund each half-year. If this default had not occurred, the amount which would have been paid would be £183,673 for Capital, and £67,595 for Interest. But the amount of Interest and Capital actually in arrear may be stated at £291,451—being Capital £183,673, and Interest £107,778.

The Assembly met in March, but was prorogued until May, to enable a Committee to prepare a new Constitution.

In April the Agent reported that no progress had been made in the negotiation for a settlement of the Debt, in consequence of the apathy of the Ministers, and of the penury of the Treasury; though he still appeared to have confidence in the good intentions of the President, who continued to assure him that an arrangement should be made.

But Sir Henry Scholfield considered the financial position of the State so bad, that he aimed to secure a recognition of the past indebtedness of the country in a public and formal manner as a measure of the first importance, to be

followed by an agreement for the payment of arrears prior to an arrangement for the current service of the Loan.

On the 15th May Sir H. Scholfield wrote that the Finance Minister had informed him that the Government "had decided to submit the matter to the Constitutional Assembly in order that it may determine the manner of fulfilling the obligations which have been contracted by the said Loan."

The President, however, delayed to convoke the Constitutional Assembly which had been prorogued from March to May; and the Reports from the Agent became less and less hopeful of a settlement of the claims of the Bondholders; for revolution gave symptoms of revival, and it was improbable that the President, in such a case, would relinquish his dictatorship, or hamper himself with a constitution, or diminish his borrowing powers.

At the end of September, Sir Henry Scholfield stated that General Barrios still professed an intention to carry out the proposed arrangement with him; but it was not until the middle of November that he wrote to say that the Government had called on him for a statement of its indebtedness under the Loan of 1869. This information has been duly furnished to Sir H. Scholfield by Messrs. Thomson, Bonar & Co.

Sir H. Scholfield's next advice dated the 28th November communicated the fact that the Assembly had met on the 15th, that the subject of the Loans had been brought before it by the Government upon the 21st of that month, and also that a Committee had been appointed to arrange arrears on the basis of the propositions made on the 28th of February.

Notwithstanding that no Legislative or Administrative Act had been passed to assign part of the Customs duties



for the liquidation of the claims of the Bondholders, as had been embodied in the proposition made in February, 1879, yet a Decree of the President of the Republic, dated 17th June, increased the Customs duties by 25 per cent., to be payable in cash, of which no part has yet been paid on account of the Bondholders.

The "Panama Star" of the 3rd July remarked :—" The duties now charged on merchandise may be estimated " when it is stated that entries at the Custom House during " the month ending June 26th amounted to \$140,405, on " which the duties amounted to \$98,353, or over 70 per " cent."

About the same time a Circular, inviting immigration to the country, was issued by the Government through its Consuls in Europe ; and the two measures, taken together, afford remarkable evidence of the peculiar conception of the principles of political administration prevailing amongst the public men of Guatemala.

Taking up the subject of the Railway from San José to Esquintla, from the point at which it was left in the Report of the Council for 1878, it appeared from the "Panama Star" of the 27th February, that Mr. Nanné, the Contractor for the Railway, had arrived in Guatemala with a gang of negro labourers, to be followed by a further number under engagement until the completion of the work ; and that a vessel had sailed from San Francisco with railway material, and a hundred Chinese to work on the line. Mr. Nanné had invited Sir Henry Scholfield and a Government Engineer to examine the Railroad throughout its extension ; and they had expressed their satisfaction at the result of their inspection. The "Panama Star" of the 13th March reported that the sum of \$210,000, guaranteed to be paid in seven instalments as an advance by the Government for the construction of the Railway, had been further guaranteed by a number of native capitalists.



The line had at that date been graded for fourteen miles to Naranjo, the half-way station between Esquintla and San José, and on the arrival of the steel rails, to be provided by the Philadelphia and Reading Iron and Coal Company, which were then daily expected, together with 800 tons of material, which had reached San José in the ship "Reunion," from California, it was confidently expected that the 14 miles of line to Naranjo would speedily be placed in running order.

A notice appeared in the "Panama Star" of 29th May, of a Report by the Department of Trade, which alludes to a further grading of  $3\frac{1}{2}$  miles to La Maquina, and the construction of warehouses and stations in connection with the line.

Later advices throughout the year report the arrival of more material, and of two locomotives; and the work, which was organised by an American Company at San Francisco, appears to be popular in the country, a further line from Esquintla to the Capital being "declared to be indispensable."

The Council and Committee rejoice that the Railway, for the construction of which the 6 per Cent. Loan of 1869 was raised, has at length been commenced; and it may confidently be expected that if the credit of the Government were established upon a sound basis, that further capital would readily flow into the country to develop the great natural resources of the land.

Since preparing the above, intelligence has been received by the receipt of the "Panama Star" of the 8th January, 1880, to the following effect:—"The Committee appointed by Congress to consider the question of the English Debt, has just presented its Report upon this important matter. The Members of the Commission have evidently given to the subject their most serious consideration, as is shown by

“ the suggestions which they have presented to Congress  
 “ and which are more or less as follows: That a special tax  
 “ of 5 or 6 per cent. be levied on all articles taxable in the  
 “ Republic until such time as the accumulated interest is  
 “ paid off, and that the first claim on the revenues of the  
 “ State is to be that of the sums annually due to the Bond-  
 “ holders. This Report, with its attendant suggestions, was  
 “ well received by the Assembly, and its provisions un-  
 “ animously sustained.”

The above reported resolution of the Committee of the Legislature is in the highest degree satisfactory, and it only remains for the Government to give it practical effect, so that the two Loans of 5 and 6 per cent. may be regularly paid ; and thereby place the Government of Guatemala in the highest position of financial credit.

## HONDURAS.

The Council, at the request of various Bondholders, addressed a memorial to Don Marco Aurelio Soto, the President of Honduras, on the 1st October, 1879, urging a settlement of the claims of the holders of the Five per Cent. Federal Debt, to which the Customs dues of the Port of Amapala are hypothecated.

His Excellency replied on the 19th November in a long and courteous letter, in which he stated, that, although the Republic is prosperous in comparison with its condition when he assumed power, still the receipts of the Treasury remained scarcely sufficient to meet the expenses of the Government, and of the public improvements, which have of necessity been undertaken. But he desired that the

Council should submit to him a plan for a settlement of the claims of the Bondholders of the Federal Debt; and a scheme of arrangement will shortly be submitted for his consideration.

The reputation which the President has gained as a successful administrator, may justify the hope that he desires to adopt some measure which will free his country from the stigma of repudiation.

In his message to Congress on the 7th March, 1879, he recommended that body to inquire into and determine which of the loans have been authorised or legally issued to recognise those which have been lawfully contracted as National Debts, to investigate the accounts relating to them, and to examine under what conditions the Government can enter into arrangements for a settlement of the claims, together with the completion of the Railway.

Meanwhile, the proposals for the construction of the line, which formed the object of Dr. Bernhard's missions between Europe and Honduras, have not hitherto met with acceptance by the Government.

On the 16th May, a meeting of French holders of Honduras Bonds appointed a Commission of twenty members to act on behalf of the interests of the Bondholders.

The Chairman of this Commission, Monsieur Felix, ainé, informed the Council that he intended visiting London, with a view to secure the co-operation of the English Bondholders, and the Council, in reply, offered to give him such advice and assistance as were at their disposal. Monsieur Felix, ainé, has not, however, made any further communication to them.

## LIBERIA.

A reply not having been received from the Liberian Government to the letter addressed to them by the Council on the 30th August, 1878, through the Honourable E. W. Blyden, the Liberian Minister in England, they have made a strong representation to the President of the Republic, calling upon him, in the interest of both the Government and people of Liberia, to make some recognition of the Debt contracted in 1871.

The arrears of interest now amount (inclusive of the Coupon due 1st February, 1880) to £42,000.

## LOUISIANA.

## Louisiana Committee.

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio*.  
General Sir George Balfour,  
K.C.B., M.P.  
Francis Bennoch, Esq.  
Morris Cantor, Esq.  
Louis Floersheim, Esq.  
J. A. Hankey, Esq.

Fortescue Harrison, Esq., M.P.  
G. I. Leon, Esq.  
Robert Monckton, Esq.  
J. Hume Webster, Esq.  
R. J. Wigram, Esq.  
*Secretary.*  
Hyde Clarke, Esq.

The Council have to report that in May, 1879, the State Constitutional Convention assembled, and revised the Constitution of the State in many important particulars.

Soon after the Convention had assembled, it became

known that the Convention were likely to repudiate all but about \$4,000,000 of the State Debt. The Council thereupon communicated with the Governor of Louisiana, protesting against any attempt of the Convention to interfere with the settlement as arranged by the Funding Act of 1874, and subsequently with the Chairman of the Constitutional Convention: but unfortunately with no satisfactory result.

The new Constitution adopted in Convention on the 23rd July, was voted upon by the people on the 2nd December, and the returns show that it has been carried by a majority of 59,148 votes.

In future the Sessions of the Legislature are to be biennial; and the annual tax for payment of the interest on the Debt is not to exceed three mills per dollar of taxable property.

Under a separate Ordinance of the Convention, the principal of the Debt is recognised, but in lieu of 7 per cent. interest, only 2 per cent. for five years, 3 per cent. for the following fifteen, and 4 per cent. thereafter is proposed to be paid.

The Bondholders have the option of exchanging their present Securities for new Bonds, at the rate of 75 per cent., and the new issue will carry 4 per cent. interest, payable half-yearly.

An Ordinance to this effect was approved at the elections by a majority of over 10,000 votes.

A Committee of Bondholders has been established in New York, and they have issued a Circular to the Bondholders, requesting them to subscribe to a fund in order to obtain from the Courts an injunction restraining the State from transferring to the expenses of the State Government of Louisiana any moneys collected and derived from the Interest Tax of  $5\frac{1}{2}$  mills.

The motion came on for hearing before the United States

Circuit Court on the 3rd January, but the injunction asked for was refused.

The January 1879 Coupon was paid first at 50 per cent., and subsequently  $\frac{3}{10}$ ths of the balance; the July Coupon was also paid at 50 per cent.—since then half of the balance has been paid.

## MEXICO

H. B. Sheridan, Esq., M.P.,  
*Chairman.*

F. Bennoch, Esq., *Vice-  
Chairman.*

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio.*

L. N. Bonar, Esq.

H. Guedalla, Esq.

James Corbet Irving, Esq.

Admiral of the Fleet Sir  
Provo Wallis, G.C.B.  
Edward Wright, Esq.

*Secretary.*

W. W. Holmes, Esq.

*Agent in Mexico.*

E. J. Perry, Esq.

At the time of the issue of the last Report of the proceedings of this Committee, efforts were being made to introduce such modifications in the proposals for a settlement of the Mexican Debts of 1851 and 1864—embodied in a Memorandum of Agreement of the 6th December 1878, entered into *ad referendum* by the Committee's Agent in Mexico—as would permit of their being made the bases of an arrangement between the Republic and her Creditors; for although the terms embodied in that Memorandum were themselves inadmissible, there were features in the proposed arrangement which, the Committee thought, might be made conducive to a settlement.

On the arrival, therefore, of Señor Cervantes, the representative of the Mexican financiers interested in the settlement of the Debt, negotiations were opened, which resulted in terms being finally agreed to for submission to the Bondholders and the Government of Mexico respectively, and which were published in a circular letter from the Chairman under date of the 29th July last.

As then explained, the scheme embodied the conversion of the Debt with its arrears of interest at 50 per cent. of their total nominal value into a 6 per Cent. Stock bearing interest at the rate of 1 per cent. the first year, 2 per cent. the second, and so, by yearly increments of 1 per cent., attaining the full rate of 6 per cent., but, subject to a surrender by the Bondholders of a contribution in favour of the construction of a Railway from the city of Mexico to the Pacific seaboard, of an amount in the New Consolidated 6 per Cent. Stock nearly equal to the capitalized arrears of interest. Under this arrangement, about £51 2s. 2d. of the new 6 per Cent. Stock would be left for each £100 of the 1851 3 per Cent. Stock with its arrears of interest. As a compensation for the surrender of such arrears, the *Concessionnaire* of the Mexican Railway offers £800,000 in 6 per Cent. Mortgage Bonds of that undertaking. Though this appropriation of Railway Bonds does not quite reach one-half the nominal amount of the surrendered 6 per Cent. New Consolidated Stock, it more nearly represents an equivalent than would at first appear, as it becomes receivable, as a 6 per Cent. security, so soon as half the Railway is completed, an event the attainment of which is looked for in three years, whilst the surrendered 6 per Cent. Consolidated Stock will take six years to attain its full rate of interest.

The 1864 Debt, according to the terms of the proposed arrangement, will, after reduction to 60 per cent. of its nominal amount (otherwise to its Coupon value), be also



converted into a 6 per Cent. Stock at 50 per cent. of its reduced nominal amount, but without any allowance for arrears of interest being made to it or any surrender to the Railway construction work being invited from it; £30 of a New 6 per Cent. Stock would thus accrue to each £100 of the 3 per Cent. Stock of 1864 with its arrears of interest.

Having, it is understood, completed the arrangements in Paris for the provision of the requisite capital for the construction of the line of Railway above referred to, Señor Cervantes returned to Mexico in the month of November last, with the nucleus of an engineering staff, and a representative of the Foreign capitalists engaged in the undertaking. Though well received by the Mexican executive on their arrival, the requisite legislative sanction to the arrangement could not be obtained prior to the close of the then current session of the Congressional Chambers, which ultimately terminated on the 15th December last.

No doubt seems to be felt, however, by Señor Cervantes or his French coadjutors, of the requisite legislative measures being passed in the ensuing session, which opens in April next, to sanction the settlement of the Debt on the terms above specified.

So soon as the Mexican Congress shall have given the requisite authority, the settlement of the details will be proceeded with, and the matured scheme of settlement submitted to a public meeting of the Bondholders.



## PARAGUAY.

## Paraguayan Committee.

The Right Hon. E. Pleydell- Bouverie, <i>Chairman</i> .	G. N. Strawbridge, Esq.
R. J. Browne, Esq.	S. Leith Tomkins, Esq.
George Herring, Esq.	
J. Percy Leith, Esq.	<i>Secretary.</i>
George Russell, Esq.	A. F. Baillie, Esq.

During the past year, the Council, in continuation of previous efforts, have been in correspondence with President Bareiro, who has always expressed his willingness to entertain any proposal which has for its object a settlement of the External Loans of 1871 and 1872.

It was at one time thought probable by the Council and the Committee, that some advantageous arrangement might readily be made by which the Yerba Maté lands could be worked for the benefit of the Bondholders.

But it was found, upon inquiry, that the trade in Yerba is subject to considerable fluctuations, and that its cultivation has been introduced with success in Brazil, so that a monopoly of its production was neither so secure, nor so valuable as formerly it might have been.

Another proposal has more recently been under consideration, by which public lands may be acquired by purchase for account of the Bondholders, through the transfer to the Government of Bonds of the External Debt, in payment thereof.

A mercantile firm of high standing in South America has

been in communication with the Council with reference to these proposals, which appear to have some substantial value, and with a view of ascertaining their feasibility and of entering into some arrangement on the subject with the Government, it has been decided at the request of the Committee to send a qualified Agent to Paraguay, empowered on behalf of the Council to negotiate an arrangement, subject to its being accepted by the creditors of the External Debt.

The Internal Debt of Paraguay has since 1875 been largely reduced by amortisation. A new Customs Tariff has been established. Measures have been taken to restore the revenue, and the country appears to be rallying in a sensible degree.

One of the senseless attempts at revolt, which are the curse of South American States, appears to have been made last June by Señor Godoy, a political opponent of the existing Government.

The towns of Humaita and Pilar fell temporarily into his hands, but this endeavour to produce a revolution was speedily terminated by the capture of the leaders of the movement and of a steamer freighted by them with arms and ammunition.

## PERU.

### IQUIQUE AND LA NORIA, SAL DE OBISPO AND PISAGUA, &c, RAILWAYS LOAN.

In accordance with the terms of the Agreement accepted by the Bondholders at the General Meeting held at the Councilhouse on the 19th of September, 1878, the Trustees

handed over the Railways in March, 1879, to the New Railway Company formed by Messrs. Montero Brothers.

Remittances have from time to time been received by the Trustees of the Bondholders; and the following Coupons have been paid by Messrs. I. Thomson, T. Bonar and Co. :—

The Half Coupon of June, 1877: the Coupons of December, 1877, June and December, 1878, and June, 1879; also the Bonds amounting to £30,000, drawn for May and November, 1878, and for May, 1879, being re-drawings from unpaid drawn Bonds; also Bonds drawn for May, 1878, to the amount of £25,000, being one half of the reduced Sinking Fund of £50,000 for 1878.

#### PISCO TO YCA RAILWAY LOAN OF 1869.

##### Pisco to Yca Committee.

Right Hon. E. P. Bouverie,

*Chairman.*

F. Campion, Esq.

Lieut.-Col. H. M. Le Champion.

J. Leigh S. Hatton, Esq.

G. T. Rait, Esq.

*Secretary.*

Hyde Clarke, Esq.

On the 13th February, 1879, a letter appeared in the newspapers, from Messrs. Druce, Sons, and Jackson, stating "that the President of the Republic of Peru had issued a resolution and order to the Peruvian Guano Company, (Limited), that £25,000 monthly, to begin from the month of June next, are to be applied to the service of the External Debt out of the monthly payments made by them to the Government."

In consequence of this announcement, letters were addressed to Sir Charles Russell, the Chairman of the

Peruvian Committee, and also to the Trustees of the Peruvian Bondholders, Sir James Fergusson and Mr. G. H. Hopkinson, pointing out the prior claim of the Pisco to Yca Railway Bondholders to any funds which might become available for distribution under the same order of the Government, and asking at the same time what arrangement they proposed to make to give effect to such prior claim.

To these communications of the Council no satisfactory answers could be obtained. A sum of £25,000 has since become available, as to which the directions of the Chancery Division of the High Court have been sought by the Guano Company; and a claim to this sum has been duly lodged on behalf of the Bondholders of the Pisco to Yca Railway Company. The Committee of Pisco to Yca Railway Bondholders had requested Colonel Josiah Harris to act on their behalf at Lima, with instructions to try and get possession of the Railway for the Bondholders, the Railway being on lease by the Peruvian Government to a private person. The Government professed their willingness to abandon the Railway to the Bondholders, on being released by them from any claim on the Guano. This the Committee declined, but Colonel Harris having written to the Committee, that Señor Boza, the lessee, was willing to hand over the rent of \$6,660 monthly to the Bondholders, instead of the Government, Messrs. Graham, Rowe, and Co., of Lima, were requested and agreed to act as receivers of this monthly rent. None has, however, been as yet received, and the Committee are informed that the traffic of the Railway is materially diminished, and the condition of the permanent way very bad.

The Council have also been in communication with His Excellency Don Alberto Blest Gana, the Chilean Minister to England and France, and have particularly pointed out to

him that the Pisco to Yca Railway Bondholders are acknowledged to hold the first charge upon the Guano Deposits, before all other Bondholders, and that they trust this priority will be respected by the Chilian Government.

## ROUMANIA.

### IRON BRIDGES ANNUITY CERTIFICATES SEVEN PER CENT. LOAN OF 1870.

By the Resolution passed at a Meeting of Certificate-holders, held at the Councilhouse, on the 10th February, 1879, where full explanations were given of the circumstances which made this step necessary, the Council were requested to take steps to endorse the Certificates for repayment at the rate of 92 per cent. instead of at par. The Council have, accordingly, endorsed the Certificates presented, and they have issued against them contingent Certificates, entitling the holders thereof to their share of any portion of the deduction which may be ultimately recovered from the Roumanian Government.

A letter was addresssed, on 7th July, 1879, to the Minister of Public Works at Bucharest, pointing out to him the circumstances under which it became necessary to make the deduction, and urging that the Certificate-holders should be compensated by the Government. The number of contingent Certificates issued is 770, leaving 432 not yet claimed.

### ROUMANIAN RAILWAY COMPANY.

The following summary of the Report and Accounts submitted to the General Meeting of Shareholders, held at

Berlin on the 27th June last, was communicated to the press, and appeared in most of the principal London papers of the 7th July :—

“ From the accounts it appears that the gross receipts for  
 “ 1878 were £1,130,909 ; the working expenses £683,929,  
 “ or 60·48 per cent., making the net receipts £446,980,  
 “ which, after adding the amount not required for renewals,  
 “ etc., for the year 1877, and deducting the reserve, renewal,  
 “ and amortisation funds, according to the statutes, and  
 “ the fees of the Council of Supervision, amounts to £474,595,  
 “ leaving, therefore, a claim on the Government for 1878  
 “ (in respect of its guarantee of £744,390) of £269,795.  
 “ The whole of the temporary loan raised for the com-  
 “ pletion of the Railway has now been discharged. In May,  
 “ 1879, the junction between the Roumanian Railway and  
 “ the Austrian State Railway systems was effected. The  
 “ dividend for 1878 on the Ordinary Shares has been fixed at  
 “ the rate of 2 per cent., payable on July 1, 1879, the balance  
 “ remaining after the payment, amounting to £549,936,  
 “ has been placed into a reserve fund which is being used  
 “ as working capital of the Company. The application of  
 “ the working and guarantee receipts to the payment of  
 “ debts having ceased with the extinction of the temporary  
 “ loan, the claims on the working and guarantee receipts  
 “ of £744,390 per annum are: Service of the Six per Cent.  
 “ Obligations, £158,194; Ditto of the Eight per Cent. Pre-  
 “ ference Shares, £157,103, making a total of £315,297, and  
 “ leaving a balance of £429,093 applicable to the Ordinary  
 “ Shares and other purposes. The negotiations with the  
 “ Government for a transfer of the Railway property have  
 “ not resulted in any arrangement.”

It is stated that the Railway Purchasing Convention Bill, by which the Government are to acquire all the rights of the Company by the issue of 6 per cent. Bonds amount-

ing to £9,500,000 nominal, was passed by the Roumanian Chamber on the 27th January, 1880.

Application has been made to the Directors at Berlin for a copy of the proposed terms.

## SANTO DOMINGO.

### Santo Domingo Committee.

F. Bennoch, Esq., <i>Chairman</i> .	R. L. Morris, Esq.
Lieut.-General J. L. Vaughan, C.B., <i>Deputy-Chairman</i> .	J. G. Peckham, Esq.
Right Hon. E. Pleydell- Bouverie, <i>Ex-officio</i> .	Chas. Penruddocke, Esq., J.P.
E. Lennox Boyd, Esq.	C. W. Price, Esq.
Robert Bradshaw, Esq.	V. D. Ray, Esq.
C. A. Day, Esq.	H. E. Rensburg, Esq.
Capt. W. Delf.	P. C. Renton, Esq.
R. F. Eland, Esq.	W. Richardson, Esq.
W. Ford, Esq.	Aug. Styles, Esq.
J. Foster, Esq.	G. R. Walker, Esq.
G. Grantham, Esq.	Count M. G. de Wezele.
Major J. C. Harris, R.E.	Colonel R. White.
Rev. E. S. Hart.	Thos. Williamson, Esq.
R. H. Household, Esq.	Thos. Wilshire, Esq.
H. B. Hyde, Esq.	C. O. Wombwell, Esq.
W. Johnson, Esq.	
Robert Monckton, Esq.	

*Secretary.*

Hyde Clarke, Esq.

There has not been any indication during the past year of any desire on the part of the Dominican Government, to recognise the debt of the Republic. The chief hope for the Bondholders lies in the fact that the great natural resources of Santo Domingo cannot be developed without foreign

capital, which it is not possible to obtain until after some arrangement of the claim of the Republic's creditors against the State has been effected.

## SOUTH CAROLINA.

With reference to the debt of this State, the General Assembly of South Carolina established in the early part of 1878 a Court of Claims to decide upon the validity of certain Consolidated Bonds, alleged to have been funded on vouchers not issued in accordance with law, but authorised to be consolidated by the Funding Act passed by the Assembly, and approved 22nd December, 1873.

A suit was commenced in 1878 before this Court by some of the holders of these Bonds, against the State ; but the decision was unfavourable, and One and a-half millions dollars of Bonds were thus invalidated.

The matter then came before the State Supreme Court in October last, and the judgment of the Court of Claims was reversed in many cases. In accordance with this decision the Legislature, which adjourned on the 24th December, passed an Act providing for the interest and arrears of interest on those Bonds legally recognised by the Supreme Court.



## SPAIN.

## General Committee of Holders of the Three per Cent. External Debt.

Right Honourable Lord  
Hampton, G.C.B., *Chairman*.  
Right Hon. E. Pleydell-  
Bouverie, *Ex-officio*.  
Augustus B. Abraham, Esq.  
General Sir George Balfour,  
K.C.B., M.P.  
F. Bennoch, Esq.  
W. H. Bishop, Esq.  
Lionel N. Bonar, Esq.  
Sir Antonio Brady.  
Edmund Burke, Esq.  
Andrew Cassels, Esq.  
M. Castello, Esq.  
John Collinson, Esq.  
Robert Crawshay, Esq.  
Chas. John Croke, Esq.  
Col. the Hon. H. B. Dalzell.  
Geo. Dibley, Esq.  
R. Dixon, Esq.  
W. Duncan, Esq.  
Roger Eykyn, Esq.  
J. Figgins, Esq., Alderman.  
Henry I. Fotherby, Esq., M.D.  
Captain T. Fuller.  
Commissary-General R. M.  
Gardiner.

James Gardner, Esq.  
Robert Gardner, Esq.  
John Goddard, Esq.  
Wm. Grain, Esq.  
G. de G. Griffith, Esq., M.D.  
W. Griffith, Esq.  
Rev. W. B. Harrison.  
Spencer Herapath, Esq.  
Geo. Herring, Esq.  
Rev. W. Hodgson.  
E. J. Hutchins, Esq.  
E. Jeggins, Esq.  
Thos. Kent, Esq.  
Capt. Gilbert T. Key, R.N.  
Arthur Kimber, Esq.  
G. I. Leon, Esq.  
C. E. Lewis, Esq., M.P.  
Chas. Magniac, Esq.  
W. H. Mogg, Esq.  
Rev. M. N. Nathan.  
H. N. Nissen, Esq.  
A. Northen, Esq.  
Parkinson Oates, Esq., M.D.  
G. W. Obicini, Esq.  
M. J. Power, Esq.  
J. Remfrey, Esq.  
D. Robinson, Esq.  
Sir Philip Rose, Bart.

L. M. Rothschild, Esq.	Lieut.-Col. Vickers.
Christopher Rowlands, Esq.	Chas. Waring, Esq., M.P.
Thomas Rumball, Esq., C.E.	Count M. G. de Wezele.
Sir Charles Russell, Bart., M.P.	J. H. Wolton, Esq.
Thomas Sidney, Esq., Alderman.	Edwd. Wright, Esq.
H. Skynner, Esq.	Admiral of the Fleet, Sir Provo
H. Solomon, Esq.	Wallis, G.C.B.
G. N. Strawbridge, Esq.	
C. Surgey, Esq.	<i>Secretary of the Committee.</i>
John Vade, Esq.	
Lt.-General J. L. Vaughan, C.B.	Hyde Clarke, Esq.

### SPANISH 3 PER CENT. EXTERNAL DEBT.

*Arrangement of 1875.*

The cancellation of 5 per cent. Rio Tinto Bonds has been duly proceeded with, the amount annulled in 1879 being £77,900, increasing the total sum to £322,120.

### SPANISH LAND MORTGAGE BONDS.

During a very long period the Agent of the Council in Madrid took active measures in representation of the claims of the holders of these Bonds. The Council thought it right to protest against the taxation of the Coupons on the Bonds issued in England, and although for some time no effect was given to these representations, the Council are happy to announce that the Government of Spain has lately thought right to withdraw the tax of 10 per cent.

## TENNESSEE.

The Funding Bill passed by the Legislature, approved March 28th, 1879, was rejected by the popular vote at the elections which took place on the 7th August. This Bill provided for the funding of the Debt at 50 cents on the dollar, and the interest was to be 4 per cent., payable half-yearly.

The case of the Tennessee Bondholders against the railroads, in which they seek to make the Companies liable for a portion of the State Debt, came on in August for hearing before Mr. Justice Strong of the Supreme Court of the United States, and the Court, after considering the motion, ordered that a Master should be appointed to make the necessary enquiries and reports, and to prepare the causes for hearing and final decrees.

## TUNIS.

The crops, from which the revenues of the Regency are chiefly derived, having suffered severely from drought, the cash at the disposal of the Board of Conceded Revenues only allowed of the payment of Fr. 9.50 on account of the 17th Coupon, due 1st July, 1879, and Fr. 7.50 on account of the 18th Coupon, due 1st January, 1880.

The balance of Coupon No. 14 has, however, been paid, so that the arrears now outstanding are Fr. 6.25 on Coupon No. 15, Fr. 3 on Coupon No. 17, to the successive payment of which it has been decided to apply one-fifth of the Mejba Revenue (personal tax), and Fr. 5 on Coupon No. 18.

## TURKEY.

Joint Commissions for the Ottoman Loans of 1858 and 1862  
under the Convention of February, 1873.

The Right Hon. E. Pleydell-  
Bouverie, *Chairman of the  
Council of Foreign Bond-  
holders.*

Francis Bennoch, Esq.

Roger Eykyn, Esq.

Thomas Rumball, Esq.

H. A. Withers, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Agent in Constantinople.*

Captain Stab.

The Egyptian tribute not having been remitted to the Bank of England, the payment of the interest due on the 10th October last, on the Tribute Loans, could not be punctually made. This payment has since been made, and the delay having arisen from temporary and exceptional causes, which are not likely to recur, there seems every likelihood that the remittances for these loans, which are admitted by the Controllers-General in their report of January 1, 1880, to be a first charge, will be regularly forwarded.

The Porte having entered into a Convention with a group of bankers at Galata, headed by the Imperial Ottoman Bank, by which it was proposed to alienate the revenues specially hypothecated to the holders of the Ottoman Loan of 1862, a letter was addressed to the Foreign Office asking for the support of Her Majesty's Government, and requesting that instructions should be sent to Her Majesty's Ambassador in Constantinople, to insist that the rights of the Bondholders should not be overridden or ignored.

Mr. Stab, the Agent of the Council, also communicated personally to the Ministry the protests of the Council and the joint Commissioners.

On the 23rd December, a conference of Bondholders of the Loans of 1858 and 1862 was held at the Councilhouse under the presidency of the Right Hon. E. P. Bouverie, Chairman of the Commissioners and of the Council, when the following resolutions were discussed and voted :—

“ Resolved—That the Chairman be requested to obtain an appointment with the Marquis of Salisbury to receive a deputation in order to present a protest against any alienation of the special Securities hypothecated to the Bondholders of the Turkish Loans of 1858 and 1862, and to request his Lordship to present such protest to the Porte, and to support it.

“ Resolved—That the Chairman of this meeting, and the Joint Commissioners for the Ottoman Loans of 1858 and 1862, be requested to prepare the protest to be presented to the Marquis of Salisbury.

“ Resolved—That the deputation to the Marquis of Salisbury do consist of such gentlemen, invited to the Conference, as were able and willing to attend.”

In accordance with them, a deputation of 1858 and 1862 Bondholders was received by the Marquis of Salisbury on the 6th of January last, and his Lordship was requested to forward and support their protests against any alienation, without their consent, by the Porte, of the Securities specially pledged to them.

His Lordship stated, in reply, that the matter was one which would occupy the careful attention of the Government, but that, before expressing any very definite opinion as to what ought either to be said or done, he would wish to be fortified by the advice of the Law Officers of the Crown.

The Council and Commissioners fully expect that the course requested by them will be taken by the British Foreign Office.

## VENEZUELA.

## Venezuelan Committee.

*Appointed at the Public Meeting of 24th March, 1865.*

Admiral of the Fleet, Sir	E. Jonas, Esq.
Provo Wallis, G.C.B., <i>Chairman.</i>	F. Obicini, Esq.
Right Hon. E. Pleydell-	Lt.-General J. L. Vaughan,
Bouverie, <i>Ex-officio.</i>	C.B.
John Field, Esq.	<i>Secretary.</i>
E. Jeggins, Esq.	H. Schirges, Esq.

## Venezuelan Committee.

*By whom the Convention of 7th November, 1873, was concluded.*

Right Hon. E. Pleydell-	<i>Agent of the Committee.</i>
Bouverie, <i>Ex-officio.</i>	E. Haslewood, Esq.
J. W. Chator, Esq.	
John Field, Esq.	
E Wright, Esq.	<i>Agents at Carácas.</i>
<i>Secretary.</i>	Messrs. H. L. Boulton & Co.
Hyde Clarke, Esq.	

The Representatives of the United States of Venezuela met in National Convention, and named General Talera, President of the Republic, in succession to General Alcantara, who had died in November, 1878.

But the nomination of General Talera does not appear to have been acceptable to the country, for after some disturbances, General Guzman Blanco, a former President,

then in Europe, was invited to return to Venezuela, and on his arrival at Carácas, in February, 1879, he was chosen President, and was formally installed in office on the 26th of that month.

Before his departure from England, General Blanco seemed to be desirous of arriving at an arrangement with the Bondholders of the External Debt, and certain proposals were made with that view, but the Committee did not consider that they would be acceptable to the Bondholders.

Subsequently, however, the Convention of the States of Venezuela, passed a Resolution to convert the whole debt of the country, External and Internal, into new Stocks of £4,000,000, which they fixed as the limit of the burden the Revenue was able to bear as a National Debt.

Of this amount the sum of £2,750,000 was apportioned to represent the present External indebtedness, new 4 per cent. External Bonds to be created to that amount. The whole External and Internal Issue to be designated the Consolidated Debt of the United States of Venezuela.

The Venezuelan Minister to Great Britain, Señor Don José Maria de Rojas, was instructed to inform the Council of the measure adopted by the National Convention, and to request that they should present it, embodied in the form of an "Agreement for the Conversion and Settlement of the External Debt," to the Bondholders, with the view of ascertaining their opinion thereon, in order, if it were accepted, to carry the intentions of the Convention into effect.

This proposal, embodied in a formal Agreement, has recently been submitted to the Bondholders by the Council, and has been ratified by them.

## VIRGINIA.

## Virginian Committee.

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio*.

Geo. Artingstall, Esq.

Lieut.-Colonel Aytoun, R.A.

R. L. Baker, Esq.

Jas. B. Blarney, Esq.

Morris Cantor, Esq.

Charles Clark, Esq.

David Clark, Esq.

J. Conybeare, Esq.

John Dabbs, Esq.

Joseph Hankey Dobree, Esq.

W. Duncan, Esq.

C. E. Flower, Esq.

John Ford, Esq.

Commissary-General R. M.  
Gardiner.

R. H. Glyn, Esq.

John Alers Hankey, Esq.

E. J. Harris, Esq.

Arthur Horrigan, Esq.

E. Humphreys, Esq.

Henry Joachim, Esq.

General Sir Arnold Kemball,  
K.C.B., K.C.S.I.

Arthur Kimber, Esq.

Silvester L'Amy, Esq.

Robt. P. Laurie, Esq.

G. I. Leon, Esq.

J. L. Mieville, Esq.

Samuel Montagu, Esq.

D. Oppenheimer, Esq.

M. J. O'Shaughnessy, Esq.

Geo. Penson, Esq.

Giuseppe A. Pugno, Esq.

Geo. T. Rait, Esq.

Geo. Richardson, Esq.

W. R. Richardson, Esq.

Captain W. W. Ross.

C. Satterthwaite, Esq.

W. Trotter, Esq.

Geo. Yule, Esq.

*Secretary.*

Hyde Clarke, Esq.

In accordance with the Proclamation of the Governor of Virginia, a Conference between the Committee appointed to confer with the Creditors of the State, assembled at Richmond on January 30th, 1879, and the Agents of the Corporation of Foreign Bondholders and of the Funding



Association of the United States of America submitted a Joint Bill, which was adopted by the Committee. The Bill was afterwards laid on the table in the two Houses of the Legislature, and after many debates and negotiations between the State and the Agents of the Council and of the Funding Association, the Bill was passed on the 28th March, and subsequently approved by the Governor on the same day.

In compliance with the fifth section of the Act the Council and the Funding Association filed their acceptance of the terms of the Act, and the Council shortly after convened a Meeting of the Bondholders, which was held on the 13th May. A resolution approving of the action of the Council of Foreign Bondholders in assenting to, and accepting, the terms of the Act of the General Assembly of Virginia of the 28th March, 1879, was carried unanimously.

The Conversion went on without interruption until the time for the elections arrived.

These elections took place in the first week in November; the result was favourable to the party in the State who are opposed to the maintenance of the State's financial engagements, and has since proved disastrous to the credit of the State.

Default was made on the Coupon maturing on the New Bonds on the 1st January, 1880, no provision having been made to meet it.

It is impossible to say what course the party now in power will pursue; but the Council, in conjunction with the Funding Association of the United States, are taking every step in their power to protect the interests of the Bondholders.

It is obvious that if the supreme authority in the State is determined to set at nought all obligations of faith and honour, and all regard for the acts of its predecessors in the

like position, as binding on itself, it not only does its best to ruin those who have trusted in that faith, but also to destroy all hope that the State can ever recover its past prosperity, or develop its natural wealth.

## LIBRARY AND RECORD DEPARTMENT.

Further additions, amounting to 273 books and pamphlets, have been made to the Library in the course of the year, exclusive of periodicals bound. Some of these have been obtained by purchase, but the greater part received as donations from Her Majesty's Secretary of State for Foreign Affairs; from the Governors of New South Wales and Victoria; from the Secretary of the United States Treasury; from the Governors of Illinois, Indiana, South Carolina, Virginia, and West Virginia; from the Ministers of Finance of Belgium, Holland, and Portugal; and from Mr. Lionel N. Bonar, Mr. R. H. Brooks, Chevalier A. J. de Costa Ricci, Mr. T. Rumball, and several other gentlemen.

The compilation of extracts from official documents, newspapers, and other publications, relating to the Loans of Foreign States and our Colonies, has been carefully continued, and forms an unique collection of yearly increasing value, for reference on current questions respecting Foreign Debts and Loans, and the occurrences respecting them.



EIGHTH ANNUAL GENERAL REPORT  
OF THE COUNCIL  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

*Incorporated on the First of August, 1873,  
by Licence of the Board of Trade.*

FOR THE YEAR 1880.

TO BE SUBMITTED TO THE  
GENERAL MEETING OF MEMBERS OF THE  
CORPORATION  
CONVENED FOR  
THE 1ST OF MARCH, 1881, AT 2 O'CLOCK P.M.  
*At the Councilhouse, 17, Moorgate Street,  
in the City of London.*

LONDON:  
COUNCILHOUSE, NO. 17, MOORGATE STREET  
FEBRUARY, 1881.



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LONDON:  
COUNCILHOUSE, No. 17, MOORGATE STREET.  
FEBRUARY, 1881.

# THE CORPORATION OF FOREIGN BONDHOLDERS.

## NOTICE OF GENERAL MEETING.

NOTICE IS HEREBY GIVEN, that the NINTH ORDINARY GENERAL MEETING of the CORPORATION OF FOREIGN BONDHOLDERS will be held at the COUNCILHOUSE, No. 17, Moorgate Street, in the City of London, on TUESDAY, the 1ST day of MARCH, 1881, at 2 o'clock p.m., for the following purposes :—

- (1.) To consider the Report of the Proceedings of the Council, and the Statement of Accounts made up to the 31st December, 1880.
- (2.) To elect four Members of the Council, in place of The Right Honourable Lord Kinnaird, Mr. R. B. Martin, M.P., The Honourable H. D. Ryder, and The Right Honourable R. Bourke, M.P., who retire by rotation, but, being eligible, offer themselves for re-election.
- (3.) To elect Auditors for the ensuing year. Messrs. Cooper, Wintle & Co., the retiring Auditors, offer themselves for re-election.
- (4.) To transact all such other business as may be transacted at Ordinary Meetings of the Corporation, and to pass Resolutions thereon.

By Order of the Council,

HYDE CLARKE,

*Secretary.*

COUNCILHOUSE,

17, MOORGATE STREET, E.C.,

18th February, 1881.

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## MEMBERS OF THE COUNCIL.

---

RIGHT HON. EDWARD PLEYDELL-BOUVERIE, *Chairman.*

SIR JOHN LUBBOCK, BART., M.P., F.R.S., } *Deputy*  
RICHARD BIDDULPH MARTIN, ESQ., M.P., } *Chairmen.*

GENERAL SIR GEORGE BALFOUR,  
K.C.B., M.P.

FRANCIS BENNOCH, ESQ.

RIGHT HON. G. A. F. CAVENDISH  
BENTINCK, M.P.

LIONEL N. BONAR, ESQ.

THE RIGHT HON. R. BOURKE, M.P.

JOHN HENRY DANIELL, ESQ.

ROGER EYKYN, ESQ.

W. R. FARQUHAR, ESQ.

THE RIGHT HON. LORD KINNAIRD.

THE HON. H. D. RYDER.

SIR E. H. SCOTT, BART.

CORNELIUS SURGEY, ESQ.

GEORGE CAVENDISH TAYLOR, ESQ.

WILLIAM TROTTER, ESQ.

HENRY TUDOR, ESQ.

SIR HENRY W. TYLER, M.P.

LT.-GENERAL J. L. VAUGHAN, C.B.

T. M. WEGUELIN, ESQ.

### Secretary.

HYDE CLARKE, ESQ.

### Standing Counsel.

T. W. SNAGGE, ESQ.

### Solicitors.

MESSRS. TRAVERS SMITH & BRAITHWAITE.

MESSRS. NORTON, ROSE, NORTON & BREWER.

### Notary.

WILLIAM GRAIN, ESQ.

### Auditors.

MESSRS. COOPER, WINTLE & CO.

### Bankers.

MESSRS. ROBERTS, LUBBOCK & CO.

EIGHTH REPORT  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

---

EIGHTH ANNUAL REPORT.

THE Council have the satisfaction of presenting to the Members of the Corporation the Annual Accounts for the year 1880, showing a considerable balance on the credit side.

It is intended that Fifty Certificates should be drawn this year, after the Annual General Meeting.

The Council have thought it advisable to revise and correct to the last available date, the table of the Debts of States in default to their creditors, which was inserted by them in their Report for the year 1876. This table illustrates the field of the operations of the Council, and it is ample enough for their fullest energy. It will be observed that Greece, Bolivia, and Venezuela, have disappeared from the former table ; and in the case of each of these States an

arrangement has been arrived at (with the consent of their creditors respectively), with the effective assistance or through the successful mediation of the Council.

In the East, Turkey still stands conspicuous for the enormous mass of debt which has accumulated against her, and for which, during a period of more than five years, no provision whatever has been made. The general condition of affairs in that part of the world will obviously account for this unhappy fact. The Council have carefully watched the current of events, in the hope of discovering and seizing some opportunity to obtain a portion at least of their just claims for the Bondholders. None, however, that could be effectively laid hold of has offered itself, though there has been more than one attempt at negotiation with them for such an object. They believe that the Porte would gladly enter into an arrangement for paying its creditors a part of what is due to them, if the means at its disposal were sufficient to enable them to do so. Unfortunately the present necessities, civil and military, of the State of Turkey are such as, coupled with the notorious maladministration of her finances, make it impossible there should be any reliable surplus revenue which could be steadily applied for such a purpose. Various schemes, therefore, which have been suggested have been wanting alike in substance or permanence, and could only prove delusive in practice to those who might trust in their efficacy. A powerful Revenue Administration, of integrity and ability, armed with the full power of the State, and having trustworthy employés with efficient machinery at its disposal, might perhaps even now inaugurate and carry into operation a new and prosperous era in Turkish finance; but the materials for such an administration can scarcely be found within Turkey itself, and before it could get efficiently to work, a careful and accurate investigation of

the resources and public property of the Empire would be required. The International Financial Commission contemplated by the negotiators of the Berlin Treaty, seems to afford the only reliable starting point for such an administration.

The conversion of the old Greek Loans of the War of Independence, contracted in the years 1824 and 1825, for which an arrangement was made in 1878, and which has been carried into operation by a special Board sitting at this office, has now been successfully concluded. Thus a long standing grievance has been removed, and the kingdom of Greece is at last free from the imputation of having disregarded the just claims of those who contributed towards the establishment of her independence.

In Egypt, the Law of Liquidation, published on the 19th of July, 1880, has finally adjusted, it is hoped, the various difficult and complicated questions between the creditors of Egypt and the State on the one hand, and between different classes of Bondholders *inter se* on the other. It is impossible, when regarding the final issue of the long and difficult transactions connected with the arrangement of the Egyptian Finances, not to be convinced of the eminent ability, skill, and integrity which have been brought to bear in effecting this successful result. The chaos which existed four years ago has been gradually reduced to order, and there is now a reasonable prospect that the population of that country, will derive as much benefit as the creditors of the State, from the changes which have been thus inaugurated.

The long litigation, in which the Bolivian Bondholders had so large an interest at stake, has been terminated during the past year, in their favour, and a sum of money, exceeding £800,000, has thus become divisible among them. The Council may point with just satisfaction to

the assistance which they persistently rendered to the Committee of these Bondholders, during their arduous struggle throughout this business, without which assistance such a result could not have been achieved.

The Committee of Peruvian Bondholders has never been domiciled at this house, but the Council have made some efforts, and have always been and are still ready to contribute their good offices towards an endeavour both to reconcile jarring interests among the Bondholders, and to secure a common and united action on their part for the attainment of their common object.

The Chilian Government having now obtained possession of a portion of the territory of Peru, have shown every disposition to act with generosity and justice towards the Peruvian Bondholders; and the Bondholders have thus an opportunity of dealing with a Government on whose honourable intentions they could fully rely.

The Republic of the United States of Venezuela has, during 1880, entered into an agreement for composition with its foreign creditors with the aid of the Council, by which its old External Debts have been converted into a Consolidated New Debt, and it has commenced making the agreed payments to meet the interest thereon.

Since the commencement of the present year, the Representative of the United States of Colombia at the British Court, has made proposals on the part of his Government to the Council for a resumption of payment of the interest of the Colombian Debt of 1873, which has been suspended for some time, and the negotiations in respect thereof may be fairly expected to be brought to a successful issue.

The Council desire to make a public acknowledgment of their obligations to the Government of the United States of America, of the British Colonies, to the Government of India, and to the Foreign Office, and to the Governments of

various Foreign States, who have generously contributed many works of value to the Library of the Corporation during the past year.

The information respecting the Debts and Finances of Foreign States is accumulating in the Records of the office, and is increasing in its comprehensiveness and value. Amongst these Records there is nearly a complete account of Drawn Bonds, which the Council believe to be unique, and which, for reference, is of considerable importance to the public.

General Meetings of the Corporation were held on the 28th February and 16th March, 1880, at which special Resolutions were adopted, giving additional powers under the Articles for effecting the redemption of the contributions of the Permanent Members, and providing for the remuneration of the Members of the Council.

Under the first of these provisions a Circular was issued, inviting any Members of the Corporation desiring to receive payment of their contributions without interest, to register their names at the Council. Twenty-nine Members availed themselves of this invitation, and the Council have in the course of the year applied the sum of £2,900 to the discharge of their contributions.

At the Meeting of the 28th February, 1880, the following Resolution was passed:—

“That this Meeting authorises and approves the payment to the Council, as remuneration for their services, of the sum of £100 per annum in respect of each Member of the Council for the time being (other than the Chairman), such sum to be divided amongst them as the Council may determine.”

As will be seen from the Balance Sheet, the sum of £2,000 has been applied under the powers given by that Resolution.

The Council regret to record the death of Sir Francis Lycett, a Member of the Council, and the retirement of Sir John Rose and the Hon. Hugh McCulloch.

The Council, under the provisions of the Articles, have filled up the vacancies by the election of Mr. Walter R. Farquhar, The Honourable Henry D. Ryder, and The Right Honourable Robert Bourke, M.P., as Members of the Council.

In accordance with the provisions of the Articles of Association, Lord Kinnaird, Mr. R. B. Martin, the Honourable H. D. Ryder, and the Right Honourable R. Bourke, M.P., retire from the Council by rotation, but being eligible offer themselves for re-election.

Messrs. Cooper, Wintle and Co., the retiring Auditors, also offer themselves for re-election.

E. P. BOUVERIE, *Chairman.*

HYDE CLARKE, *Secretary.*

14th February, 1881.

## APPENDIX TO REPORT.

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### ARKANSAS.

The State Legislature of Arkansas passed in 1879 an amendment to the Constitution, declaring that "the General Assembly shall have no power to levy any tax, or make any appropriations, to pay either the principal or interest, or any part thereof, of any of the following Bonds of the State, namely, the Railroad Bonds, the Levee Bonds, and the Holford Bonds."

This amendment was submitted to the popular vote on the 7th of September last, and as it did not receive the majority required by law, it was declared by the official returns to be lost.

The new Legislature assembles in January, 1881, and some hope is entertained that it will be disposed to pay more regard than its predecessor to the obligation of public faith.

The Council have invited the Bondholders on this side to register their names at this office, in order to be able, should a good opportunity offer, to take action on their behalf.

It may here be mentioned, that an Act was passed last spring by the Legislature of the State of New York, "to protect the rights of citizens of that State owning and holding claims against other States."



As this Act has an important bearing on the mode in which the obligations of separate States in the Union may be enforced, it is here given *in extenso* :—

The people of the State of New York, represented in Senate and Assembly, do enact as follows :—

*Section I.* Any citizen of this State being the owner and holder of any valid claim against any of the United States of America, arising upon a written obligation to pay money, made, executed, and delivered by such State, which obligation shall be past due and unpaid, may assign the same to the State of New York, and deliver the assignment thereof to the Attorney-General of the State.

Such assignment shall be in writing, and shall be duly acknowledged before an officer authorised to take the acknowledgment of deeds, and the certificate of such acknowledgment shall be duly endorsed upon such assignment, before the delivery thereof.

Every such assignment shall contain a guaranty on the part of the assignor (of the collection of the claim so assigned, and of the expenses of such collection), and it shall be the duty of the Attorney-General on receiving such assignment, to require on behalf of such assignor, such security for said guaranty as he shall deem adequate.

*Section II.* Upon the execution and delivery of such assignment in the manner provided for in Section I. of this Act, and furnishing security as in said section provided and the delivery of such claim to him, the Attorney-General shall bring such action or proceeding, in the name of the State of New York, as shall be necessary for the recovery of the money due on such claim, and the said Attorney-General shall prosecute such action or proceeding to final judgment and shall take such proceedings after judgment as may be necessary to effectuate the same.

*Section III.* The Attorney-General shall forthwith de-

liver to the Treasurer of the State, for the use of such assignor all moneys collected upon such claim, first deducting therefrom all expenses incurred by him in the collection thereof, and said assignor or his legal representatives shall be paid said money by said Treasurer upon producing the cheque or draft therefor of the Attorney-General, to his or their order, and proof of his or their identity.

*Section IV.* This Act shall take effect immediately.

The individual citizens of New York have evidently felt the same difficulty which is experienced here by the Bondholders of the Debts of different States in the Union; and their Legislature has thus placed at their disposal a weapon, which will enable them to prosecute their claims in the United States Courts, in accordance with the provisions of the Constitution.

## AUSTRIA.

### SOUTH AUSTRIAN (LOMBARDO-VENETIAN) RAILWAY.

The Ordinary General Meeting of Shareholders was held at Vienna, on the 21st June, 1880, when the following resolution was passed:—

“The Meeting approves the accounts for the year 1879, and decides that the balance to credit, amounting to Frs. 3,929,530 25 c. be carried to the Ordinary Reserve Fund.”

The Ordinary Reserve is thereby increased to Frs. 8,236,616 62 c.

The negotiations for a further exemption from Income Tax, which were being carried on with the Austrian Government, have led to no result, and the Coupons of the

3 per cent. Obligations, have in consequence been subjected to a deduction of one franc upon each Coupon.

The receipts of the Company have shewn for some time past a steady increase of traffic on its lines.

## BOLIVIA.

### Committee of Bolivian Bondholders.

A. W. Ray, Esq., <i>Chairman.</i>	John Coxhead, Esq.
Thos. Cave, Esq., <i>Deputy Chairman.</i>	R. Reader Harris, Esq.
	H. E. Ormerod, Esq.
Right Hon. E. Pleydell-Bouverie, <i>Ex-officio.</i>	H. E. Trehwella, Esq., M.D.
H. C. Batchelor, Esq.	
Fras. Bennoch, Esq.	<i>Secretary.</i>
Lionel N. Bonar, Esq.	Hyde Clarke, Esq.

The Council have great satisfaction in reporting the successful issue of the long-pending litigation carried on, upon behalf of the Bondholders, with Colonel George Church, the National Bolivian Navigation Company, and others interested in preventing the return to the Bondholders of the funds subscribed for the Bolivian 6 per cent. Loan of 1872, on terms which were never fulfilled.

The Committee, whose names appear at the head of this section, acted with unswerving unity at a time when the least wavering in purpose might have been fatal to the interests entrusted to their guidance.

They had previously obtained pecuniary aid from the Council at a critical period, and the Council (in pursuance of the objects for which the Corporation was established),

when called upon by the Committee, continued to give them such further assistance as materially contributed to effect the great salvage which was ultimately realised.

The invitation issued by the Committee for the deposit of bonds at the Alliance Bank, in order to form a constituency to support them in their proceedings, was responded to by holders of £1,439,000 stock, out of a total outstanding amount of £1,654,000. A large portion of the balance is known to have been held by trustees of estates, and by others not free to part with the bonds.

As was stated in the Council's Report for 1879, the National Bolivian Navigation Company carried the suit brought against them by Captain Wilson, the representative Bondholder, on Appeal to the House of Lords.

The Appeal opened on the 19th of February, and on the 23rd of March the House of Lords confirmed the judgment of the Court of Appeal, reversing the decision of Mr. Justice Fry in favour of the Defendant Company.

An order was forthwith made to pay all the expenses incurred by the Plaintiff, together with the sum of £45 per cent. on the Bonds, out of the fund, then amounting to £850,000, lodged in the Bank of England in the names of Messrs. J. H. Lloyd and A. J. Lambert, the Trustees.

Messrs. P. and T. Collins, of New York, the contractors under Colonel Church for the construction of the Madeira and Mamoré Railway, then brought an action against the Committee for payment for the works they had executed, and to restrain the distribution of the fund.

Meanwhile the distribution has proceeded under the order of the Court, and payment of £45 per cent. has been made on Bonds to the amount of £1,637,600.

It is estimated that after payment of all remaining expenses, a further sum of about  $2\frac{1}{2}$  per cent. will be left for division, but an order of the Court must be obtained to

enable the Trustees to disburse these amounts and provide for the suit of Collins *v.* Ray, which is still in existence.

A resolution was passed by the General Meeting of Bondholders, held on the 24th July, 1879, sanctioning a charge of 6d. per £1 on the amount returned upon the Bonds, as remuneration for the services of the Committee.

This contribution was refused by some of those who took every advantage of the labours of the Committee and their result.

A substantial remuneration has, however, been provided by the voluntary subscriptions of those Bondholders who have been ready to acknowledge the courage and ability with which their interests have been protected by the Committee and its Chairman, Mr. A. W. Ray.

## COLOMBIA, UNITED STATES OF (NEW GRANADA).

### Colombian Committee.

The Right Hon. E. Pleydell-

Bouverie, *Chairman.*

E. Jeggins, Esq.

A. Northen, Esq.

E. Wright, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Bankers for the 4 $\frac{3}{4}$ % Loan.*

London and County Bank.

*Agent at Bogotá.*

Charles O'Leary, Esq., H.M.'s  
V.-Consul.

*Acting.*

A. M. O'Leary, Esq., H.M.'s  
Acting V.-Consul.

It was stated in the last Report of the Council, that the Colombian Government omitted to make payments

on account of the  $4\frac{3}{4}$  per cent. Debt, for the space of six months, between February and September, 1879.

The quotas due in September, and in the three months following, were paid to the agent of the Bondholders, and with the proceeds of the remittances thus made the 25th Coupon (payable 1st July, 1879) was met, and a payment of 22 shillings per cent. was also made on the account of the 26th Coupon (payable 1st October, 1879), leaving a trifling balance in the hands of the London Bankers of the Republic.

The prospects of a resumption of payments has been till quite recently very unpromising. Since the commencement of the present year, however, the Minister of the Colombian Government accredited here has opened negotiations, which, if they end favourably, will provide for an early resumption of cash payment, with a funding of the arrear Coupons.

The Congress passed a law on the 14th of June, conferring various authorizations on the Executive power for the establishment of a national bank in the capital of the Union, the twenty-sixth Article of which is as follows:—

“If the preferential requirements of the public service  
“and the deficiency of the revenues should compel the  
“executive power to suspend for any time the payment of  
“the interest of the foreign debt, the bank shall likewise  
“undertake by way of compensation, and with funds trans-  
“mitted by the general Treasury, the redemption during  
“each year of the suspension of payments of a sum not  
“exceeding £50,000 sterling in amount; following for the  
“application of the payments of capital, or of the interest,  
“the order of the Executive power.”

Meanwhile a prominent citizen of Colombia, Señor Don José Camacho Roldan, had been endeavouring to obtain a Loan in Europe, with a part of the proceeds of which, it

was stated, the arrears of the debt of 1873 were to be paid, and the balance of the 1863 debt was to be liquidated.

In the month of June the Council applied to Señor Roldan to know his instructions on this point, and his reply, dated the 2nd of July, stated he had not received such instructions, but he had urged the necessity for their being issued, and he had been informed that further powers and directions to that end had been forwarded to him.

But as his financial mission to Europe did not end successfully, the endeavours of his Government were directed to New York, where Mr. S. Koppel ultimately succeeded in raising a loan of \$3,000,000, no part of which however, was destined for the payment of the arrears of the Debt of 1873, although the balance of the Loan of 1863 was entirely paid off from its proceeds.

Previously to the completion of this operation in November, the Council having received information that the Loan would be obtained from the Panama Railway Company, caused notices under date the 13th of September to be served on the Agents and Officials of the Company in London, New York, and Panama, on behalf of the Bondholders, claiming the payment of the annual subsidy of \$250,000, under its concession, to the Colombian Government, on the ground that the Convention of 1873 having been infringed and abrogated by the non-payment of four Coupons, the terms of the arrangement of 1861, by which this subsidy was hypothecated, had been thereby reverted to.

The Council continually urged Colonel Mansfield, the Bondholders' Agent at Bogotá, to leave no effort untried to induce the Government to resume payments, and he took occasion to remind Señor Don Simon de Herrera, the Secretary of the Treasury, that the Colombian Govern-



ment would forfeit, by continued default, the advantages they had acquired by the Convention of 1873.

By such default in meeting four Coupons, the Bondholders strictly speaking are entitled, under the 15th Article of the Convention of 1st of January, 1873, to revert to the conditions stipulated in the Convention of the 25th of March, 1861.

The notice served on the Panama Railway Company, indicated that the Bondholders would not relinquish any of their rights, and it caused Señor Herrera to address a letter dated Bogotá, 15th November, to the Chairman of the Council and the Bondholders' Committee, rejecting the notification,—“in so far as it claims, and “that without any legal support, all the effects of an em-  
“bargo authoritatively decreed.”

This letter was published in the official paper at Bogotá at the time of its despatch, and before the completion of the Loan with the Panama Railway Company was announced.

The reply sent to Señor Don Simon de Herrera demurred entirely to the contention set forth in his letter; and stated that though the Bondholders had not made a formal notification, they based their claims as they now stood, on the 15th Article of the Convention of 1873, as follows :—

“The Paris Convention of the 25th March, 1861, is  
“hereby abrogated only in the case of this Convention  
“by any event not being carried out, or the payments  
“therein agreed upon failing to be made during four con-  
“secutive quarters, the creditors shall have a right to the  
“conditions stipulated in the aforesaid Convention of  
“1861.”

Meantime the Panama Railroad Company have publicly offered for sale in New York, Three Million Dollars Six per cent. Gold Bonds, secured by an assignment of the



subsidy due to the Government of the United States of Colombia.

It may be of interest to quote the following extract from the Convention between the Colombian Government and the Panama Railroad Company, as bearing on the subject of the construction of a Canal, in its relation to the Company and to the Republic, and perhaps more remotely to the Bondholders.

Decree approving the contract made on the 5th of July 1867, "Reforming that of the 15th of April, 1850, concerning the construction of a Railroad from one ocean to the other over the Isthmus of Panama."

The Congress of the United States of Colombia decrees, etc., etc.

"*Article 2.* The Government of the Republic binds "itself during the time that the exclusive privilege which is "conceded to the Company for the working of the railroad "remains in force, not to construct for itself, nor to concede to any person or Company, by any title whatever, "the power to establish any other railroad on the Isthmus "of Panama, and it also stipulates that while the said "privilege continues in force, the Government shall "not have the power of undertaking for itself, nor permitting any person to undertake, without the concurrence and consent of said Company, the opening or "working of any maritime canal which may unite the two "oceans across the said Isthmus of Panama to the West "of the line of Cape Tiburon on the Atlantic, and Point "Garachine on the Pacific. But it remains stipulated that "the right which is conceded to the Company to give its "consent does not extend to its opposing the construction "of a canal across the Isthmus of Panama—except on the "actual route of the railroad itself—but only to its exacting an equitable price for such privilege, and as indemni-

“ fication for the damages which the Railroad Company  
 “ may suffer by the rivalry or competition of the canal.”

The Council, in answer to enquiries made by them how far the revenue of Colombia can adequately provide for the present charge for the External Debt, are informed that there is no doubt as to the ability of the Republic to pay. The commerce of the country is steadily advancing. The production of coffee and quinine has increased, and the planting of cinchona trees has been resumed. Copper, as well as gold and silver mining, exhibits favourable prospects. Short lines of railway in Antioquia and the Cauca are nearly completed, and efforts have been made to improve the waterways and the land transit of the country. With a rich soil, its natural wealth cannot fairly be developed, in consequence of the difficulties of communication. Mules and oxen are now the ordinary means of transport in many parts, which good roads would transform into prosperous districts.

But these difficulties would be removed were the means provided to complete the necessary public works; and these means would doubtless be forthcoming if the Government of the country maintained its financial good faith, and were able to borrow the requisite capital for such a purpose on reasonable terms.

In the autumn of 1880, Colonel Mansfield was transferred to Carácas, and the charge of the Agency for the Bondholders at Bogotá was assumed by Mr. Arthur Malo O'Leary, H.M. Chargé d'Affaires and Acting Vice-Consul. Doctor Don Carlos Holguin has succeeded General Don Sergio Camargo as representative of Colombia in Great Britain.

## COSTA RICA.

## Seven per Cent. Costa Rica Committee.

A. G. Sandeman, Esq., *Chairman*.

The Right Hon. E. Pleydell-Bouverie, *Ex-officio*.

G. Barham, Esq.

Francis Bennoch, Esq.

E. Lennox Boyd, Esq.,

F.R.G.S., F.S.A.

U. R. Burke, Esq.

T. Cave, Esq.

James Cooper, Esq.

W. Detmar, Esq.

T. Dowling, Esq.

W. E. Duncan, Esq.

Roger Eykyn, Esq.

W. Godfrey, Esq.

R. Grant, Esq.

G. de G. Griffith, Esq., M.D.

Wm. Griffith, Esq., B.A.

G. D. Harris, Esq.

L. Harrison, Esq.

W. J. Harvey, Esq.

J. Cooke Harker, Esq.

T. P. Hearne, Esq.

Geo. Herring, Esq.

T. Hobday, Esq.

Saul Isaac, Esq.

G. A. King, Esq.

J. M. Louis, Esq.

J. F. Lovering, Esq.

H. Price, Esq.

A. W. Ray, Esq.

Thomas Sidney, Esq., Alderman.

H. Skynner, Esq.

C. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.

## Seven per Cent. Costa Rica Sub-Committee.

The Right Hon. E. Pleydell-Bouverie.

G. Barham, Esq.

F. Bennoch, Esq.

U. R. Burke, Esq.

T. Cave, Esq.

W. Godfrey, Esq.

L. Harrison, Esq.

G. Herring, Esq.

S. Isaac, Esq.

J. F. Lovering, Esq.

A. W. Ray, Esq.

C. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.

## Six per Cent. Costa Rica Committee.

G. T. Rait, Esq., *Chairman*.  
 Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 J. Cowan, Esq.  
 H. M. Jenkins, Esq.  
 N. Levy, Esq.

J. Proctor, Esq.  
 H. Staples, Esq.

*Secretary.*

Hyde Clarke, Esq.

## Joint Sub-Committee of Conference.

A. G. Sandeman, Esq., *Chairman*.  
 Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 F. Bennoch, Esq.  
 T. Cave, Esq.  
 L. Harrison, Esq.

G. T. Rait, Esq.  
 H. Staples, Esq.  
 C. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.

In the last Report of the Council, a hope was expressed that the Government of Costa Rica would find it become a vital necessity to make a fair arrangement of the External Debt.

The Council are now able to say that serious negotiations have been for some time in progress with a view to effecting such a settlement of the debt, but from the variety of parties concerned, and the distance of the State in question, these negotiations are unavoidably protracted.

In the Report for 1879 the Council mentioned that the Committees for the two Loans, the 6 per Cent. and the 7 per Cent. Loans, whose interests have not always been considered identical, had adopted a course of united action which was likely to contribute to a beneficial result.

A separate Committee of the holders of the 7 per Cent. Loan, appointed by the majority, at a meeting of Bondholders held on the 18th of March, 1879, to act independently of the Council, has since been blended with the original 7 per Cent. Committee.

The works of the Interoceanic Railway between Puntarenas on the West, and Puerto Limon on the East coast, have been prosecuted with diligence by means of the surplus resources of the Government, and it appears that an appeal for voluntary contributions for the same objects has been met with a liberality which shows that the people are quite alive to the importance and necessity of carrying out the work to a speedy conclusion.

The progress of the Railway up to last October may be summarised as follows:—

The Atlantic section from Limon to Matina,  $21\frac{1}{2}$  miles working; from Matina to Guacimo, 30 miles working; from Guacimo to Rio Amarillo, 4 miles graded, 6 miles cleared; total  $61\frac{1}{2}$  miles.

The Central section, from Alajuela to Cartago, 27 miles working.

The Pacific section, from Puntarenas to Rio Barranca 8 miles working; from Rio Barranca to Esparta, 4 miles graded; total 12 miles.

The Budget for 1880-81, gives the Estimated Revenue at \$3,164,015, and the Estimated Expenditure at \$1,957,253, leaving the surplus to be applied to the extension of the Railroad.

General Tomas Guardia, the President of the Republic, issued a decree on the 23rd of September, appointing himself Dictator. No social or political change of any moment to the Bondholders appears to have ensued from this event.

*(For Map see end of Appendix.)*

## ECUADOR.

## Ecuadorian Committee.

Rt. Hon. E. Pleydell-Bouverie,

*Ex-officio.*

F. Bennoch, Esq.

L. N. Bonar, Esq.

E. Haslewood, Esq.

Admiral of the Fleet Sir

Provo Wallis, G.C.B.

Ed. Wright, Esq.

*Secretary.*

H. Schirges, Esq.

The Council's Report for 1879 alluded to a proposal which had been made to the Committee for a settlement of the claims of the Bondholders, on the bases of a considerable cash payment on account of arrears, the regular payment of a small rate of interest, and the redemption or purchase of the Bonds, at the market price, or at a value less than par.

The necessary authority was given by the Council and Committee to undertake negotiations, and to frame an arrangement, to be subject to acceptance by the Bondholders.

The means of carrying out the proposal were known to be in hand, but it appeared that the parties who initiated it, had not sufficient influence in Ecuador to induce General Veintemilla, the President, to entertain any project for the liquidation of the External Debt at that time.

The date for the expiration of the powers granted was the 30th of April, 1880, and in the absence of any satisfactory information, the Council and Committee considered it more prudent to terminate them then, with the view of renewing them should a favourable occasion offer, than to give them a *sine die* character by continuous extension.

Meanwhile they pressed their Agents at Quito and Guayaquil to keep a vigilant watch on the temper of the authorities with reference to the Debt, and to lose no opportunity of introducing the question of settling it.

Captain George Chambers, the British Consul at Guayaquil, and the Agent of the Bondholders there, has reported that there is a disposition on the part of some of the leading people of the country to recognise the claims of the creditors, and there can be little doubt that the commercial classes at the chief port would favour a settlement.

Beyond some turbulence in the petty State of Esmeraldas, which was speedily quelled, the country has not been disturbed during the year 1880.

The war in the adjacent Republic of Peru has continued to benefit Guayaquil as the chief centre of trade on the coast. Its Customs receipts for 1879 were estimated at £240,000, and it is expected that they would be still larger in 1880.

The value of the cocoa exported is said to have been little short of £1,000,000 sterling. The Debt due by the Government to the Bank of Ecuador is reported to be much reduced, and the amount in hand for Customs is named at 1,000,000 dollars.

The Council are informed that the project for the construction of a railroad from the city of Quito to the left bank of the Guayas, opposite to Guayaquil, promoted by Mr. Herman Göhring, has resulted in a contract with the Government, and that the work may be expected to be commenced shortly.

## EGYPT.

The action taken by England and France led to the appointment of an International Financial Commission, which was constituted by a Decree of H. H. the Khedive, issued on the 30th March, 1880, in which the duties and powers of the Commission were defined.

The labours of the Commission resulted in the promulgation of what is known as the "Law of Liquidation," which deals with the entire question of the Debt. This law was published by the Council, printed and circulated freely.

Under its provisions the Preference Stock remained unchanged, but the rate of interest on the Unified Debt was permanently reduced to four per cent. The redemption by drawings at par was abolished. Arrangements were made for the conversion of the Short Loans into the Unified Debt, for which purpose a new issue of the latter Stock was authorised; the Floating Debt, which had occasioned so many difficulties, was adjusted. The Council have received from the Commissioners of the Public Debt, to whom they hereby desire to express their obligation, the monthly returns of the amounts paid on account of the Unified and Preference Stocks. Copies of the returns have been regularly communicated by the Council to the Press, as heretofore.

The receipts for the year 1880 are given in tabular form in the following pages:—



# RECEIPTS ON ACCOUNT OF THE UNIFIED DEBT FOR THE YEAR 1880.

1 to 31 January.	1 to 29 February.	1 to 31 March.	1 to 25 April.	26 to 30 April.	1 to 31 May.	1 to 30 June.
Piastres. Tariff. 17,007,405 28 say £174,435	P. T. 29,753,440 8 say £305,164	P. T. 25,156,020 20 say £258,011	P. T. 7,736,174 9 say £79,345	P. T. 404,713 39 say £4,151	P. T. 42,023,818 37 say £431,014	P. T. 30,066,585 35 say £308,375
1 to 31 July.	1 to 31 August.	1 to 30 September.	1 to 25 October.	26 to 31 October.	1 to 30 November.	1 to 31 December.
P. T. 32,831,324 21 say £336,731	P. T. 17,637,316 17 say £180,896	P. T. 6,926,508 26 say £71,041	P. T. 25,973,280 35 say £266,392 10s. *Less— P. T. 31,978,445 0 say £281,830 4s.	P. T. 2,419,826 26 say £24,818 14s.	P. T. 36,636,477 17 say £375,758 16s.	P. T. 32,232,172 34 say £330,586 8s.

\* This deduction consists of £5,128 4s. in execution of Article 23 of Law of Liquidation for adjustment between the Public Debt Commission and the Liquidation, and of £276,702 for completion of the sum necessary for the service of the Preference Stock due 15th October.

# RECEIPTS ON ACCOUNT OF THE FIVE PER CENT. PREFERENCE STOCK (RAILWAYS) FOR THE YEAR 1880.

1 to 31 January.	1 to 29 February.	1 to 31 March.	1 to 14 April.	15 to 30 April.	1 to 31 May.	1 to 30 June.
Piastres.    Tariff. 7,312,500    0	P.    T. 6,142,500    0	P.    T. 4,582,500    0	P.    T. 962,520    0	P.    T. 2,827,500    0	P.    T. 5,362,500    0	P.    T. 3,607,500    0
say £75,000	say £63,000	say £47,000	say £9,872	say £29,000	say £55,000	say £37,000

1 to 31 July.	1 to 31 August.	1 to 30 September.	1 to 14 October.	15 to 31 October.	1 to 30 November.	1 to 31 December.
P.    T. 7,410,000    0	P.    T. 1,950,000    0	P.    T. 5,947,500    0	P.    T. 3,120,000    0	P.    T. 4,582,500    0	P.    T. 10,237,500    0	P.    T. 9,750,000    0
say £76,000	say £20,000	say £61,000	say £32,000	say £47,000	say £105,000	say £100,000
			plus* P.    T. 26,978,445    0			
			say £276,702			

\* This sum was deducted from the Receipts of the Unified Debt to complete the sum necessary for the half-yearly service due 15th October.

The receipts applicable to the service of the Unified Debt during 1880 exhibit the finances of Egypt in a very favourable light; notwithstanding a deduction of £276,702 made to complete the amount necessary for the October service of the Preference Stock, there still remained a surplus of more than £150,000 available for redemption, which, together with two other small items, was employed in the purchase of £241,900 of Unified Stock.

By means of this redemption, the Unified Debt is now reduced to £57,776,340, requiring for the service of the 1st May, 1881, Coupon an effective sum of £1,155,526 16s.

Annexed is a copy of the Budget Estimates for 1881 received from the Commissioners of the Public Debt; and reduced to pounds sterling. (*See Table opposite.*)

#### DAIRA-SANIEH CONSOLIDATED DEBT.

A minimum rate of interest of 4 per cent., payable half on 15th April and half on 15th October on delivery of the Coupons, is guaranteed on this Debt by the Government.

A supplementary sum of 1 per cent. interest is also to be paid on 15th April of each year, against a special receipt, whenever the net produce of the properties of the Daira shall exceed the amount necessary for the payment of the interest at the rate of 4 per cent. on the nominal capital of the outstanding Bonds, but only to the amount of such surplus. It was also stated that no fraction of interest under  $\frac{1}{4}$  per cent. would be paid, and the Council addressed an application to the Controllers of the Daira-Sanieh for information as to the manner in which the balance of any fraction less than a  $\frac{1}{4}$  per cent., and progressively of a  $\frac{1}{4}$  per cent. to 1 per cent. of such supplementary interest was to be appropriated. The Controllers, in their

# EGYPTIAN BUDGET ESTIMATES FOR 1881.

		RECEIPTS.	£	£	EXPENDITURE.	£
I. Direct Taxes:—						
	Land Tax	..	5,360,498	..	1. Egyptian Tribute..	698,960
	Other Direct Taxes	..	303,167	..	2. Public Debt	3,885,990
					3. Civil List, &c.	323,077
					4. Khedive's Household	42,894
					5. Council of Ministers	9,161
					6. Ministry of Foreign Affairs	13,499
					7. Ministry of Finance	596,390
					8. Ministry of War and Marine:—	
					War	£377,436
					Marine	56,137
						<u>433,573</u>
					9. Ministry of Public Instruction	84,050
					10. Ministry of Interior	534,987
					11. Ministry of Justice	252,659
					12. Ministry of Public Works	450,533
					13. Railways, Telegraphs, and Port of Alexandria:—	
					Railways and Telegraphs	£454,011
					Port of Alexandria	19,487
					Hélwan Railway	5,606
						<u>479,104</u>
					14. Customs	61,707
					15. Post Office	74,359
					16. Mail Boats	130,200
					17. Salt	39,919
					18. Government Warehouses	15,687
					19. Reserve for unforeseen Expenses	153,846
					20. State Pensions	241,323
						<u>£8,521,918</u>
					Total Expenditure	..
						<u>£8,521,918</u>
II. Indirect Taxes and Revenues:—						
	Justice	..	185,379			
	Customs	..	649,846			
	Post Office	..	85,205			
	Octrois	..	266,441			
	Salt	..	102,564			
	Other Indirect Taxes	..	319,577			
						<u>1,609,012</u>
III. Railways, Telegraphs, and Port of Alexandria:—						
	Railways and Telegraphs	..	1,107,180			
	Port of Alexandria	..	61,718			
	Hélwan Railway	..	6,051			
						<u>1,174,949</u>
						<u>129,231</u>
						<u>63,950</u>
						<u>70,382</u>
						<u>42,353</u>
						<u>32,080</u>
						<u>54,810</u>
						<u>£8,840,432</u>
						<u>205,128</u>
						<u>£8,635,304</u>
IV. Mail Boats						
V. Revenues from other Administrations of the State..						
VI. Miscellaneous Revenues						
VII. Receipts						
VIII. Repayment of Advances made to the Peasants						
IX. Charge on Salaries of Employés						
To be deducted—						
Probable deficiency from Direct Taxes						
Total Receipts		..	..	..		

reply, dated 27th November last, stated that any sum in excess of the fractional part to be distributed, less than the authorised figure for distribution, would be carried to a special fund for completing any like surplus thereafter arising.

This information being of some public interest, was communicated to the Press.

The Council desire to call the attention of holders who have not yet converted their Bonds to the following intimation issued by the administration of the Daira-Sanieh.

*Administration of the Daira-Sanieh.*

“The Board of Direction reminds such holders of Bonds of the Khedive Loan of 1870 as have not yet fulfilled the formalities for the conversion, that the time fixed by Article 58 of the Liquidation Law of the 17th July, 1880, expires on the 31st March, 1881, and that the Bonds not presented for conversion at that date will have, in accordance with the terms of the law, forfeited all their rights.

“The Board of Direction gives notice to such holders of Scrip of the General Debt of the Daira-Sanieh as have not yet taken up their Definitive Bonds, that they must present such Scrip for exchange at the Banque Franco-Egyptienne in Paris and Alexandria, or at the Imperial Bank in London, not later than the 31st January, 1881. After that date they must apply directly to the Administration of the Daira-Sanieh at Cairo, to obtain the definitive bonds, and to receive the Coupons in arrear.

“Cairo, the 28th December, 1880.”

## GREECE.

The Conversion of the Bonds of the Loans of 1824 and 1825 into the 5 per cent. Greek Independence Loan of 1879, has been completely and successfully carried out under the supervision of the Board, appointed under the Convention of the 4th of September, 1878, and it was finally closed on the 17th of August last.

The result of the operation shewed, that about 97 per cent. of the Old Bonds, and about 94 per cent. of the Old Coupons, estimated in the year 1826 to be then outstanding, have been deposited for conversion.

Of the New Bonds the following have been issued,—

3995 Bonds Nos.	2 to 3996 of £100=	£399,500
800 „ „	5501 to 6300 of £150=	120,000
959 „ „	6501 to 7459 of £500=	479,500

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Total..... £999,000

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By the drawings held in November, 1879, and in May and November 1880, the sum of £76,400 has been redeemed at par.

The four Coupons due half-yearly from the 15th of July, 1879, have also been met; and the sinking fund of £28,870 represents over 3 per cent. per annum on the amount now outstanding, which will extinguish the Debt in less than twenty years.

By the terms of the Convention, the amount set aside for the service of the Loan is £75,000 per annum, to be applied half-yearly to the payment of interest and the redemption of the Debt, by drawings at par. This amount is specially secured by the hypothecation of the revenues of the Custom

House of Corfu, estimated at about 2,000,000 drachmas—say £71,400 per annum, and by a second charge on the Stamp Duty raised and collected in the kingdom of Greece, which yields about 6,000,000 drachmas—say £214,200 per annum, and of which 4,250,000 francs—about £170,000 per annum are appropriated to the service of another debt. These revenues and duties are not to be varied by way of diminution, until the total discharge of the New Bonds; and their net proceeds are to be paid fortnightly into the National Bank of Greece, for account of the Bondholders, until the sums necessary for the half-yearly service are reached, when they are remitted to the Greek Minister in London for distribution through the Ionian Bank.

## GUATEMALA.

### Guatemala 1869 Committee.

General Sir George Balfour,  
K.C.B., M.P., *Chairman*.

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio*.

H. F. Bailey, Esq.

Dr. Behrend.

James Roberts Brown, Esq.

James Charles, Esq.

Robert Fisher, Esq.

George Cavendish Taylor, Esq.

S. W. Willet, Esq.

Morgan Yeatman, Esq.

Brodie de Zulueta, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Agents for Arrear Certificates.*

Messrs. I. Thomson, T. Bonar  
and Co.

In the last Report of the Council, it was stated that the Committee appointed by Congress to consider the question of the External Debt, had recommended certain measures

to be taken, having for their object the extinction of the arrears, and the punctual service of the Debt in the future.

It was said that Congress received the report of the Committee favourably, but no legislative Act in connection with the External Debt followed.

Sir Henry Scholfield having left Guatemala, the Committee have not deemed it necessary to replace him as Agent for the Bondholders; especially as direct negotiations for a settlement of the Debt are now actively in progress between the Minister of Guatemala in England and the Committee. There are grounds for expecting that a successful result will ensue from these communications, but it is yet too early to state their terms.

Meanwhile the Government continue to take measures to consolidate and redeem the Internal Debt, by bringing all classes of obligations into one category, and making an assignment of a large proportion of the Customs Duties to their service.

On the 1st of March, General Barrios was renamed the President for a term of six years, as provided by the newly-enacted Constitution.

On the 1st of June, in company with their Excellencies the Presidents of Honduras and San Salvador, he inaugurated the completion of the section of the Central Railway, from the port of San José de Guatemala to Esquintla, a distance of about 28 miles.

A contract has been made for the extension of the railroad from Esquintla to the City of Guatemala. An annual subsidy of \$125,000 per annum is to be granted when the work is finished, and an advance of \$500,000 in bonds secured on the Customs Duties, will be made by the Government.

The time for the completion of this line is limited to four years from the date of the contract; and a further



extension to the Atlantic is mentioned as in contemplation.

The 1st of March 1882 is named by a Decree of the Supreme Government, for the opening of a National Exhibition in the City of Guatemala, to which all countries are invited to contribute, but premiums are nevertheless to be awarded for native productions only.

The country appears to continue to increase in prosperity. Some of the measures of the Government have been recently directed to the encouragement of trade and agriculture, and it is also desirous of promoting European immigration.

## HONDURAS.

It was stated in the last Report of the Council that Señor Don Marco Aurelio Soto, the President of the Republic, had invited the Council to suggest to him a mode by which the balance of the 5 per Cent. Old Federal Debt should be settled.

A plan for its arrangement was therefore transmitted to His Excellency, but he has not yet taken any measure to carry out the proposal then made, or any other scheme having a similar object.

Meanwhile the Commission of twenty acting for the French Bondholders, of later issues, have obtained a decree from the Paris Courts, permitting the whole case of the Bondholders against those responsible for the issue of the Honduras Loans in France, to be re-opened. No result of beneficial tendency seems to have yet arisen from these proceedings; nor do they appear to have obtained the approval of the Honduras Government, desirous though they are that some sound scheme should be devised for bringing their Inter-oceanic Railway to a successful issue.

The Administration of the country continues to further material improvements. New roads are constructed, postal and telegraphic communication is extending, and is well organised. Production has increased, and the revenue responds by a small though sensible augmentation, to the increasing prosperity.

The commercial revival which is apparent throughout Central America, affords a hope that Honduras will not be long behind other States who desire to settle their defaults, and to place their finances in a creditable position.

One of the effects of the better prospects which it is anticipated await Central America generally, whether arising from the public works projected at various points, from the wane of revolution, from increased trade, or from some other cause, is the reappearance of long forgotten securities of a minor class.

Amongst these are the Poyais Bonds, connected by locality with Honduras.

The time of their origin is concurrent with the date of Central American independence, as they were issued in 1823 by the Sovereign Prince and Cazique of the State of Poyais, who was an European adventurer. They are signed by His Highness, and his Chargé d'Affaires in London, who was also a Knight of his Order of the Green Cross, and the Agents for the Loan were the Banking-house of Sir John Perring and Co.

The country of Poyais is mountainous and Indian ; it lies in lat. 15' 20'' N., long. 85 W., and is not far from the port of Trujillo in Honduras.

## ITALY.

## CITY OF FLORENCE DEBT.

The following arrangements were made by the Commissioners for the liquidation of the Municipal Debt, under the decree of the 12th March, 1880.

The Bonds of the undermentioned Loans were valued for the purposes of the Conversion as follows:—

Loan of 1862 ...	500	Lire nominal,	at 416.0	Lire.
„ 1865 ...	500	„ „	382.25	„
„ 1868 ...	250	„ „	207.30	„
„ 1875 ...	500	„ „	447.75	„

There was issued in exchange, at this valuation, 49 per cent. of Italian Stock, bearing 5 per cent. from July, 1880, and 51 per cent. of City of Florence Bonds, redeemable in fifty-nine years, bearing interest at 3 per cent. from April, 1881; fractions being paid in cash, less a deduction of 30 per cent.

Bonds of the 1871 Loan (*Cartelle cessioni*) were valued at 465 lire in Consolidated Rente, bearing interest at 5 per cent. from July, 1880.

A Royal Decree of the 31st of December last, has extended the time for the acceptance of the liquidation and the conversion of Bonds from that date to the 31st of March next.

It is presumed that this extension is chiefly for the convenience of Bondholders of the issues of 1868 and 1875, which are largely held out of Italy.

The first drawing of New Municipal Bonds took place at Florence, on the 31st of December last.

## LIBERIA.

The letter addressed by the Council to the President of Liberia in December, 1879, on the subject of the Debt, having remained without reply, endeavours were unsuccessfully made to see Mr. Blyden, the representative of the Government, who occasionally visits England.

A copy of the Council's letter was therefore sent to the Consul-General of the Republic in London, with the request that it should be transmitted to the President; and another copy has been enclosed in a letter addressed to Earl Granville, the Secretary of State for Foreign Affairs, asking for his good offices in the matter.

They are informed, however, by the Foreign Office, that Her Majesty has no Representative in Liberia.

The arrears of interest (with coupon due 1st February, 1881), amount to £49,000, the capital sum being £100,000.

## LOUISIANA.

## Louisiana Committee.

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio*.  
General Sir George Balfour,  
K.C.B., M.P.  
Francis Bennoch, Esq.  
Morris Cantor, Esq.  
Louis Floersheim, Esq.  
J. A. Hankey, Esq.

Fortescue Harrison, Esq., M.P.  
G. I. Leon, Esq.  
Robert Monckton, Esq.  
J. Hume Webster, Esq.  
R. J. Wigram, Esq.

*Secretary.*

Hyde Clarke, Esq.

The Debt Ordinance of the State Convention can scarcely be considered successful in its results, as no more than \$300,000 of Old Securities have been exchanged for New Bonds.

In the suit brought by the Bondholders against the State, an injunction was granted on the 8th of December by Judge Munroe, restraining the State Treasurer from dealing with the Interest Fund.

Late advices mention that a suit has been begun by the Attorney-General of the State of New Hampshire, on behalf of the citizens of his State against Louisiana on her defaulted Bonds.

This action is brought under authority of an Act passed by the Legislature of New Hampshire for the protection of her citizens, of a similar kind to the Law of the State of New York, which is printed *in extenso* in a prior section of this Report.

## MEXICO.

H. B. Sheridan, Esq., M.P.,  
*Chairman.*

F. Bennoch, Esq., *Vice-  
Chairman.*

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio.*

L. N. Bonar, Esq.

H. Guedalla, Esq.

James Corbet Irving, Esq.

Admiral of the Fleet Sir  
Provo Wallis, G.C.B.  
Edward Wright, Esq.

*Secretary.*

W. W. Holmes, Esq.

*Agent in Mexico.*

E. J. Perry, Esq.

In the last Report of the proceedings of this Committee it was stated that negotiations of some duration had been proceeding for the settlement of the Debts of 1851 and 1864; a series of communications having been exchanged on the basis of an arrangement entered into *ad referendum* between the Bondholders' Agent in Mexico, and the

then Minister of Finance on the 6th December, 1878, resulting in a scheme, the details of which were there given.

It will doubtless be within the recollection of most Bondholders that these arrangements were founded on the proposal that they should contribute a considerable portion of the capitalized arrears of interest on the 1851 Debt to the construction of a certain line of Railway between the city of Mexico and the Pacific sea-board, and that the requisite financial combinations for so considerable an enterprise were matured towards the end of the year 1879, when the Agent of the Capitalists and their Engineer proceeded to Mexico, the first to complete the requisite financial arrangements, and the second to commence the surveys for the opening of the works.

Soon after their arrival it appeared that competitors, in the persons of United States projectors, were in the field, contesting the assignment of each line of Railway which the Mexican Executive had it in its power to concede; and, backed doubtless by the influence of the United States Government, a group of these obtained the concession of the line of Railway on the construction of which the Contract for the settlement of the Debt had been based, the Legislative body at the same time offering as an explanation that it had come to the determination to sever the question of the settlement of its Debt from that of its Public Works. Since the month of May of last year, when this occurred, this Committee have, through their Agent, continued to press upon the Mexican Government the necessity of an arrangement being come to with its English creditors.

The political excitement of the presidential election rendered any real progress towards a settlement of the Debt impossible during the greater part of the past year;

and although public opinion was perceptibly undergoing a change in a sense favourable to a settlement, no positive pledges could be obtained from politicians, whose own position in the forthcoming Administration was as yet undetermined.

Soon after the inauguration of General Gonzales, the present President, he accorded on December 13th an official reception to Mr. E. J. Perry, the representative of the Bondholders, in which he stated that, as "during the " period that he formed part of General Diaz's Cabinet he " had always lent his support in favour of a settlement, " so, under his own Government, any practical form of " arrangement would meet with his cordial support."

Whatever, however, may be the terms of settlement, the presentation of which now seems imminent, there is no doubt that the prospects of the public creditors of Mexico have very materially improved within the last twelve months, the mind of the country having been awakened to the necessity which exists for the execution of extensive public works, and for the re-establishment of its national credit, in order that the requisite capital for such public works may be procurable.

The fact that powerful Syndicates in the United States are pledged to carry out certain extensive railway concessions, in no way relieves Mexico of the necessity of restoring her national credit, as it is well known that, however wealthy these Syndicates may be, they must chiefly rely for capital on the European money markets, which can only be opened to the Mexican securities when the claims of the national creditors of Mexico are satisfied, and the regular service of her Public Debt resumed.



## PARAGUAY.

## Paraguayan Committee.

The Right Hon. E. Pleydell-

Bouverie, *Chairman.*

R. J. Browne, Esq.

George Herring, Esq.

J. Percy Leith, Esq.

George Russell, Esq.

G. N. Strawbridge, Esq.

S. Leith Tomkins, Esq.

H. Woodfall, Esq.

*Secretary.*

Hyde Clarke, Esq.

In conformity with the announcement made in the last Report, the Council, in conjunction with some gentlemen interested in Paraguay, dispatched an agent to Asunción, to obtain, if possible, from the Government, such terms of settlement of the Loans of 1871 and 1872 as could be offered to the Bondholders with a reasonable prospect of acceptance. The time was considered to be favourable to renew negotiations on the subject, as Don Candido Bareiro, who formerly came to Europe to endeavour to make an arrangement with the creditors, was then President of the Republic.

He had always evinced a desire to take some effective step to re-establish the credit of his country, and he was known to be a Statesman of enlightened views.

Mr. Granville H. Milner, the representative of the Bondholders, reached Asuncion on the 26th of March, and met with a cordial reception from the President. But a difficulty arose which appears to have suspended the negotiation almost as soon as it began, in the circumstance that Mr. Milner held only powers "*ad referendum*," and not full powers such as would have enabled him to complete an arrange-



ment on behalf of the Bondholders, without previous reference to them. Señor Bareiro appears to have desired to treat finally and at once with an accredited agent of the Bondholders on the spot, and to submit an Agreement forthwith to the National Chambers.

But Señor Bareiro must have known the impossibility of such a course, and also that he had nothing to offer in settlement of the claims but the lands of the State, which were in fact already pledged to the Bondholders.

Mr. Milner telegraphed to the Council and Committee asking for full powers, and he also wrote stating that he could do nothing without them. These powers could not properly be conceded, and in the absence of any direct proposition, there was not a sufficient reason for conferring them.

Finally, the Government formally authorised Mr. Milner to propose the exchange of State Lands for Bonds. These lands did not possess any present money value, and there were no existing means in the country to enable the Bondholders to turn them to account. The cession of the yerba maté lands might have formed some foundation for an arrangement for meeting the Bondholders' claims, but it appeared that such a measure was unlikely to be sanctioned by the Assembly.

Mr. Milner closed his mission on the 10th of June, and his report thereon was published by the Council in the autumn following.

He speaks in favourable terms of the great natural resources of the country, and its capacity for production. But the requisite capital and labour are alike wanting.

There are few burdens on the people beyond import duties, the expenditure for the administration of the country is very small, and the trade of the country is stated to be rapidly on the increase.

Don Candido Bareiro died on the 5th of September last. His successor is General Caballero, who came to England in 1875 as a Joint Commissioner for the settlement of the Debt.

## PERU.

### IQUIQUE AND LA NORIA, SAL DE OBISPO AND PISAGUA, ETC., RAILWAYS LOAN of 1872.

The Trustees of the Bondholders notified, towards the end of the year, that these lines were in possession of the Chilian forces. The Pisagua section was under Chilian management, while the Iquique section remained under the control of Mr. Rowland, the Agent; and both portions were reported to be in fair working order.

The Trustees instructed their Agent to lodge "a formal protest, and an application for satisfaction, with the "Chilian Government, for the use of the line, and damage "occasioned by the war."

In November, Messrs. I. Thomson, T. Bonar, and Co. paid half of the Coupon of £3 10s., bearing date the 1st December, 1879, and no further remittances appear to have been received for account of the Bondholders.

### PISCO TO YCA RAILWAY LOAN OF 1869.

#### Pisco to Yca Committee.

Right Hon. E. P. Bouverie,  
*Chairman.*

F. Campion, Esq.

Lieut.-Col. H. M. Le Champion.

R. Eykyn, Esq.

J. Leigh S. Hatton, Esq.

G. T. Rait, Esq.

*Secretary.*

Hyde Clarke, Esq.

It will be remembered that one of the monthly payments of £25,000 by the Peruvian Guano Company having been

retained for application in accordance with the Decree of the Peruvian Government of the 8th of January, 1879, the Guano Company commenced an action (*The Peruvian Guano Company v. Walker*) in the Chancery Division of the High Court, for directions as to the application of the money.

In that action the Council and Committee have intervened in the name of Mr. G. T. Rait, as a representative Bondholder of this Loan, claiming the Fund in question for the Bondholders of the Pisco to Yca Railway Loan, as being entitled to the first charge on the guano from which the Fund arises, in priority over the Bondholders of the Peruvian Loans of 1870 and 1872.

In the course of the action it has been also claimed, that a second payment of a like amount is also applicable in the same mode; but the Guano Company have put in a counter claim to both sums, as being applicable to the reduction of the debt which they claim is owing to them by the Peruvian Government. The action is still pending, but it is hoped it may be brought to a hearing shortly.

A second action of *Watson v. Cave*, has also been commenced by a Peruvian Bondholder, in relation to the proceeds of Guano, now being shipped under the Decree of the Chilean Government of the 22nd of February, 1880. In consequence of this action, Mr. R. B. Martin, M.P., and the Right Honourable Henry Cecil Raikes, have been appointed receivers of the cargoes, the proceeds of which are to be paid into the Court pending judicial decision as to the parties entitled.

In this action, the Council and Committee have again intervened on behalf of the Bondholders of the Pisco to Yca Railway Loan, raising similar questions with respect to the priorities of hypothecation, as in the Peruvian Guano Company's suit; though in the one case, the decision may turn on the construction of the Decree of the

Peruvian Government, and in the other on that of the Chilian Government.

The Committee of this Loan invited the Bondholders to deposit their bonds on and after the 29th of December with the Council, so as to enable them directly to represent the depositing Bondholders, and to raise the requisite funds to obtain an efficient representation of their interests. A large number has been deposited accordingly.

On the 28th of September, Colonel Josiah Harris, the Agent of the Bondholders at Lima, sent a formal notice to the Chilian Admiral Riveros, informing him that the Railway and the works connected with it, were the property of British subjects, and holding him responsible for any damage arising thereto from the operations of his forces.

Subsequently, however, it has been reported that the line and rolling stock at the terminus at Pisco had been destroyed by the retreating Peruvians.

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Beyond acting on behalf of the holders of the bonds of the above mentioned Railway loan, and in the early part of the year, as the medium for convening a meeting in London, on the requisition of certain British and French Peruvian Bondholders, to enable them to lay a proposition before their fellow creditors of Peru, the Council have not taken part in the proceedings of the Peruvian Bondholders.

The assignment made by the Chilian Government to the Bondholders of Peru of the chief property forming security for their claims, is a remarkable incident in the history of national indebtedness. The honourable act of that conquering Republic, in preserving the rights of the creditors of its antagonist, notwithstanding their repudiation by the

latter, will remain an example of high national probity, and, it is hoped, will form a precedent for the future.

It would appear to be an essential point that no difference should exist between the Chilian Government and the Bondholders, in the mode of administering the property generously conceded for the benefit of the latter; and the Council will at all times be ready to assist in promoting union and harmony of action amongst the parties concerned.

*(For Map see end of Appendix.)*

## PORTUGAL.

The Council, at the request of the Portuguese Fiscal Commission in London, made the following intimation to the Bondholders through the Press, with reference to lost Certificates of eventual interest of the Bonds of the Three per Cent. Loan of 1853, and they now publish it in their Report for general information.

In continuance of the arrangement made at the request of the Council in 1876, on behalf of the Bondholders having no more Bonds of other issues to give in exchange to holders of Bonds of that issue, which had become unmarketable in consequence of the loss of their respective certificates, the Portuguese Government agreed with the Committee of the London Stock Exchange that Bonds of the said issue shall be held to be "good delivery" when stamped with the following form of declaration:—

"The Certificate of eventual interest which should  
"be annexed to this Bond having been lost, I hereby

“ declare, on the part and by authority of the Portuguese Government, that this Bond will represent  
 “ the same value and obligation as if said Certificate  
 “ were annexed hereto.

“ \_\_\_\_\_ (for signature).

“ *Portuguese Government Financial Commission.*”

## ROUMANIA.

The following is a summary of the Convention by which the protracted negotiations between the Railway Company and the Government were at last brought to a close during the early part of 1880 :—

The Extraordinary Meeting of Shareholders held at Berlin on the 3rd March, 1880, ratified by a large majority the Convention entered into between the Roumanian Government and the Railway Company for the transfer of the working and administration of the railway system to the Government, as from the 1st January, 1880, provided that an actual majority of the share capital of the Company be lodged at the Deutsche Reichsbank at Berlin on or before the 1st May, 1880. According to this Convention, the ordinary share capital of M. 194,633,400 (say £9,731,760) in circulation on the 31st December, 1879, is to be exchanged for new Government 6 per cent. Bonds at the rate of 60 per cent., viz., for an amount of M. 116,780,040 (say £5,839,600). The Eight per Cent. Preference Shares of M. 38,307,600 (say £1,915,380) are to receive 133 1-3 per cent. in new Government Bonds, viz. M. 51,076,800 (say £2,553,800); and a further amount of M. 22,144,000 (say £1,107,200) of

new Government Bonds is to be created to cover the expenses, premiums, and certain outlays on the railways, so that the total new maximum emission will consist of 475,000 Bonds at 500 francs or M. 400, equal to 237,500,000 francs, or M. 190,000,000 (say £9,500,000). These new Bonds are to bear interest from 1st January, 1880, payable in Bucharest, Berlin, and Paris, on the 1st January and 1st July of each year, and are to be redeemed within 44 years by half-yearly drawings, to be held at Bucharest on the 1st April and 1st October of each year. The rate of exchange is fixed at M. 81=100 fcs. Each Coupon of 15 fcs. will therefore be equal to 12.15 marks, and each drawn Bond of 500 fcs. to 405 marks. To each Bond there will be attached 11 years' Coupons, together with a talon. The new Bonds are secured by mortgage on the railway system, and of the Tobacco Monopoly, the net proceeds of the latter being estimated at £400,000 per annum. The conversion is optional, but Preference Shares converting on or before 1st May, 1880, are entitled to a cash bonus of  $2\frac{1}{2}$  per cent.,  $11\frac{1}{4}$  marks, and Ordinary Shares to 2 per cent. or 6 marks. These premiums are independent of the dividends for 1879, payable for the Ordinary Shares on the 1st July, 1880, and for the Preference Shares on the 1st March, 1880. The Ordinary Shares not converting will be entitled to a dividend of 3 1-3 per cent. per annum until redeemed, and the Preference Shares to 8 per cent. until redeemed, but the redemption of the latter will be extended to 1943. The Six per Cent. Coupon Obligations are to remain intact and retain all their present rights, and will be finally redeemed by 1899.



## SANTO DOMINGO.

## Santo Domingo Committee.

F. Bennoch, Esq., *Chairman*.  
 Lieut.-General J. L. Vaughan,  
 C.B., *Deputy-Chairman*.  
 Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 E. Lennox Boyd, Esq.  
 Robert Bradshaw, Esq.  
 C. A. Day, Esq.  
 Capt. W. Delf.  
 Major J. C. Harris, R.E.  
 Rev. E. S. Hart.  
 H. B. Hyde, Esq.  
 W. Johnson, Esq.  
 Robert Monckton, Esq.  
 R. L. Morris, Esq.

J. G. Peckham, Esq.  
 Chas. Penruddocke, Esq., J.P.  
 C. W. Price, Esq.  
 V. D. Ray, Esq.  
 P. C. Renton, Esq.  
 W. Richardson, Esq.  
 Aug. Styles, Esq.  
 G. R. Walker, Esq.  
 Count M. G. de Wezele.  
 C. O. Wombwell, Esq.

*Secretary.*

Hyde Clarke, Esq.

There appears to be no movement on the part of the Government of the Dominican Republic in the direction of a settlement of the claims of its foreign creditors.

In June last, Padre Fernando Merino was elected President without the usual appeal to arms; and the fact of internal peace having been maintained has stimulated trade to a certain extent, and the Government are stated to have entered into negotiations for a commercial treaty with the German Empire.

On the 5th and 6th of April last, an advertisement appeared in the leading London newspapers, inviting the



Bondholders to attend a meeting on the 7th of that month, to receive a proposal for funding the Coupons in arrear and for paying interest at a reduced rate on the Debt with such addition included.

The advertisement was signed "J. McDonald, Agent for the Commissioners."

A considerable number of Bondholders attended in response to the invitation, but no accommodation had been provided at the place of meeting indicated, and no one appeared on the part of the alleged Commissioners.

But a Meeting was ultimately formed, at which Mr. Francis Bennoch, the Chairman of the San Domingo Bondholders' Committee, took the chair.

He called on Mr. McDonald and his associates to declare their authority for convening a meeting, and for making the proposals named in the advertisement. However, Mr. McDonald was evoked in vain; no one responded, and the object sought to be attained remains a mystery.

The meeting then and there constituted, passed resolutions of indignation at the hoax thus practised on them, and of continued confidence in their representatives, the Committee of Bondholders, acting with the Council.

## SOUTH CAROLINA.

The Consolidation of the Debt under the Act of 1873 is being carried out; but no official returns of the amount of Bonds exchanged have been published.

The State Legislature met in annual session on the 28th November, and passed an Act authorizing the Governor to

borrow money, should the funds in the Treasury be insufficient to pay the interest on the new Consolidated Bonds when due.

## SPAIN.

### General Committee of Holders of the Three per Cent. External Debt.

F. Bennoch, Esq., <i>Chairman</i> .	Henry I. Fotherby, Esq., M.D.
Right Hon. E. Pleydell-Bouverie, <i>Ex-officio</i> .	Captain T. Fuller.
Augustus B. Abraham, Esq.	Commissary-General R. M. Gardiner.
General Sir George Balfour, K.C.B., M.P.	James Gardner, Esq.
W. H. Bishop, Esq.	Robert Gardner, Esq.
Lionel N. Bonar, Esq.	John Goddard, Esq.
Sir Antonio Brady.	Wm. Grain, Esq.
Edmund Burke, Esq.	G. de G. Griffith, Esq., M.D.
The Right Hon. the Earl of Carnwath.	W. Griffith, Esq.
Andrew Cassels, Esq.	Rev. W. B. Harrison.
M. Castello, Esq.	Spencer Herapath, Esq.
J. W. Chater, Esq.	Geo. Herring, Esq.
David Clark, Esq., J.P.	Rev. W. Hodgson.
John Collinson, Esq.	E. J. Hutchins, Esq.
Robert Crawshay, Esq.	E. Jeggins, Esq.
Chas. John Croke, Esq.	Thos. Kent, Esq.
Geo. Dibley, Esq.	Capt. Gilbert T. Key, R.N.
R. Dixon, Esq.	Arthur Kimber, Esq.
W. Duncan, Esq.	G. I. Leon, Esq.
Roger Eykyn, Esq.	C. E. Lewis, Esq., M.P.
J. Figgins, Esq., Alderman.	Chas. Magniac, Esq., M.P.
	W. H. Mogg, Esq.
	Rev. M. N. Nathan.

H. N. Nissen, Esq.	G. N. Strawbridge, Esq.
A. Northen, Esq.	C. Surgey, Esq.
Parkinson Oates, Esq., M.D.	John Wade, Esq.
G. W. Obicini, Esq.	Lt.-General J. L. Vaughan, C.B.
M. J. Power, Esq.	Lieut.-Col. Vickers.
J. Remfrey, Esq.	Chas. Waring, Esq.
D. Robinson, Esq.	Count M. G. de Wezele.
Sir Philip Rose, Bart.	J. H. Wolton, Esq.
Christopher Rowlands, Esq.	Edwd. Wright, Esq.
Thomas Rumball, Esq., M.I.C.E.	Admiral of the Fleet, Sir Provo
Sir Charles Russell, Bart., M.P.	Wallis, G.C.B.
Thomas Sidney, Esq., Alderman.	<i>Secretary of the Committee.</i>
H. Skynner, Esq.	Hyde Clarke, Esq.
H. Solomon, Esq.	

### SPANISH 3 % EXTERNAL DEBT.

*Arrangement of 1875.*—The amount of Rio Tinto 5 per Cent. Mortgage Bonds cancelled, in accordance with the Trust Deed, during 1880, has been £81,820, which with the amount previously cancelled, increases the total to £403,940. Mr. Francis Bennoch, a member of the Council, has been appointed a trustee of the Deed of Trust of the 14th September, 1875, in place of Lord Hampton, G.C.B., whose death the Council regret to have to record.

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Lord Hampton was also the Chairman of the General Committee of Bondholders of the 3 per Cent. External Debt, and as such rendered great assistance in carrying out the arrangements relating to overdue Coupons. Mr. Francis Bennoch has succeeded him as Chairman of that Committee.

The sections of Article 1 of the Law for the regulation of the Debt (which appeared in the Madrid Gazette of the 22nd of July, 1876, as it passed the Cortes), applicable to the 3 per Cent. Stock, are as follows:—

“ From 1st January, 1882, the Interior and Exterior Consolidated Debt shall receive  $1\frac{1}{4}$  per cent. annually. . . .  
 “ This interest shall be henceforward a minimum the State shall guarantee, and during the said year 1882 the Government shall negotiate with the holders of the Debt, as to augmentation of interest, in periods to be fixed, until there shall be a return to the integral interest of 3 per cent. . . . ”.

These sections were recently referred to by Señor Cosgayon, the then Minister of Finance, when addressing the Cortes in January, 1881.

Señor Cosgayon stated that Spain would pay an additional interest of  $\frac{1}{4}$  per cent. on the Consolidated Debt from January, 1882, in compliance with the law of 1876, and that the Government would be willing in that year to enter into negotiations with its creditors, and to entertain a scheme for the future arrangement of the Debt, provided it had the approval of the bulk of the Bondholders.

In consequence of rumours which were current as to proposed modifications in the settlement of the Debt, the General Committee of Bondholders held a meeting towards the end of 1880, to discuss the subject, but they deemed it to be undesirable to appear to recognise any disposition to depart from the agreement of June, 1876, and preferable to await the initiative steps of the Spanish Government in the matter.

## TENNESSEE.

The decision of the State Supreme Court in the case of the holders of the Internal Improvement Bonds, still outstanding, *v.* the Tennessee Railroad Companies, was unfavourable to the Bondholders, the Court being of opinion that the Bondholders had no right to the lien they claimed, as the contracts made by the railroad companies were with the State and not with the Bondholders. But it is understood that the New York Committee of Bondholders have lodged an appeal in the Supreme Court of the United States against this decision.

In the State elections for Governor, Mr. Hawkins, the Republican candidate, was elected by a large majority, but in the new Legislature, the Democrats claim a small superiority in numbers.

Amongst them are the Repudiationists, who may divide the party, in which case a decision on the important subject of the Debt would be placed in the hands of the Republicans.

The Council are assured, on good authority, that there are many persons of weight in the country who would favour a settlement of the Debt on terms alike satisfactory to the Bondholders and creditable to the State.

This, with other corroborative information, induced the Council to invite the holders of Tennessee Bonds on this side of the Atlantic, to register their names with them, in order to form a constituency on whose behalf they might take action when the fit opportunity offered.

## TUNIS.

There being still a deficiency in the receipts of the board of Conceded Revenues, the payment of Coupon No. 19 could only be made at the rate of Frs. 9, leaving a balance of Frs. 3 50 c. unpaid.

The receipts from the Mejba (Personal Tax) have not yet reached the amount necessary to complete the payment of the balance of Frs. 6 25 c. due on the 15th Coupon, the first of those in arrear.

It is satisfactory, however, to note that the receipts for the latter half of 1880 have enabled the Board to meet the last Coupon, No. 20, due 1st January, 1881, in full.

The balances remaining payable on Coupons are as follows.

No. 15	...	...	Frs. 6 25 cents.
„ 17	...	...	„ 3 0 „
„ 18	...	...	„ 5 0 „
„ 19	...	...	„ 3 50 „
<hr/>			
Total.	...	...	Frs. 17 75 cents. per bond.

## TURKEY.

Joint Commissions for the Ottoman Loans of 1858 and 1862  
under the Convention of February, 1873.

The Right Hon. E. Pleydell- Bouverie, <i>Chairman.</i>	H. A. Withers, Esq. <i>Secretary.</i>
Francis Bennoch, Esq.	Hyde Clarke, Esq.
Roger Eykyn, Esq.	<i>Agent in Constantinople.</i>
Thomas Rumball, Esq., M.I.C.E.	Captain Stab.

The Council have continued to have communications with the Ottoman Embassy in London, and the Foreign Office, on the subject of the debt.

They obtained an interview with Earl Granville on the 6th of July for a deputation of Bondholders of the 1858 and 1862 Loans.

The deputation urged the appointment of an International Financial Commission. Sir Charles Dilke informed them, in the absence of Earl Granville, that the matter was one which concerned the interests of this country too largely to allow of its being lost sight of by the British Government.

A communication which subsequently appeared in the newspapers, was made by the Ottoman Embassy to the Council on the 27th of October, inviting the Bondholders to send delegates to Constantinople, in order to put themselves in direct communication with the Government for the purpose of arranging a settlement of the debt.

The Joint-Commissions for the Loans of 1858 and 1862, after having considered this proposal, informed the Embassy that while they were willing to entertain any reasonable proposals, they must decline to name delegates to represent them at the proposed conference, as it appeared that the appropriation to other purposes of the securities which are already pledged to themselves, was contemplated.

Meanwhile the Porte has shown some desire to adopt a reasonable plan which shall insure in some measure a recognition of the claims of the Bondholders; but its own exigencies press heavily on the national resources, and so long as Turkey is disturbed by a prospect of impending warlike proceedings there seems little likelihood of any desire to resume payment of interest to its creditors having any practical result.



## VENEZUELA.

### Venezuelan Committees of 1865 and 1873 United.

Admiral of the Fleet, Sir	E. Jonas, Esq.
Provo Wallis, G.C.B., <i>Chairman</i> .	F. Obicini, Esq.
	Lt.-General J. L. Vaughan,
Right Hon. E. Pleydell-	C.B.
Bouverie, <i>Ex-officio</i> .	E. Wright, Esq.
J. W. Chater, Esq.	<i>Secretary</i> .
E. Jeggins, Esq.	Hyde Clarke, Esq.

### Board for the Conversion of the External Debt of Venezuela.

Right Hon. E. Pleydell-Bouverie, <i>Chairman</i> .	} Nominated on behalf of the Bondholders.
Admiral of the Fleet, Sir Provo Wallis, G.C.B.	
Ed. Wright, Esq.	
N. G. Burch, Esq., Vice-Consul for Venezuela.	} Nominated on behalf of the State.
Edward Haslewood, Esq.	

### Trustees for the Deposit of Old Securities at the Bank of England.

Lionel N. Bonar, Esq.		J. W. Chater, Esq.
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The Report of the Council for 1879 stated that an "Agreement for the Conversion and Settlement of the External Debt of Venezuela" had been accepted, with certain alterations, by a General Meeting of the Bondholders, held in London, on the 3rd of February, 1880.



The Agreement, with the changes proposed, was referred by Señor Don José Maria de Rojas, the Minister Plenipotentiary and Fiscal Agent of the Republic in England, to his Government; and General Don Guzman Blanco, the President, recommended the Congress of the United States of Venezuela to accept the Agreement as it had been remitted to him, with the further modifications of a temporary reduction in the rate of interest from 4 to 3 per cent., until the unification of the Internal Debt was completed, and the postponement of the date for the conversion to the year 1881.

On the 28th of May the Congress ratified the Agreement thus modified, and it was accepted, with all the changes proposed, by a General Meeting of Bondholders on the 2nd of September, subject to the issue of a decree by the National Executive of Venezuela, giving a valid effect to the Agreement, to enable the Conversion to proceed without further delay.

This Decree was issued by the President on the 2nd of October, and the Agreement with the enabling documents connected with it, are now published together for general information.

#### I.—RESOLUTIONS OF GENERAL MEETING OF BOND- HOLDERS OF 3RD FEB., 1880.

At a General Meeting of Holders of Bonds of the External Debt of Venezuela, convened by the Council of Foreign Bondholders, and held at No. 17, Moorgate Street, in the City of London, on the 3rd day of February, 1880, the following Resolutions were duly passed :—

##### I. RESOLVED :

That this Meeting ratifies the Agreement of January the 24th, 1880,\* for the conversion and settlement of the National Debt of the

\* The Agreement is recited in the next following Law of Congress.

United States of Venezuela, but so that the concluding clause of Article 8 be read to provide for the separate conversion of detached Coupons, provided that Bonds of the same class have been previously converted without Coupons of an equal or greater amount.

## II. RESOLVED :

That the Council of Foreign Bondholders be requested and authorised to nominate Members of the Board, Agents, Bankers, and Trustees, and to perform, on behalf of the Bondholders, all other acts required or authorised to be done by the Bondholders, or on their behalf, under the Agreement of the 24th of January, 1880.

## II.—LAW OF CONGRESS APPROVED 29TH MAY, 1880.

[TRANSLATED FROM THE SPANISH LANGUAGE.]

*From the OFFICIAL GAZETTE of the United States of Venezuela,  
No. 2088, Carúcas, 31st May, 1880.*

### NATIONAL CONGRESS.

#### THE CONGRESS OF THE UNITED STATES OF VENEZUELA.

HAVING seen the Agreement entered into between the Minister Plenipotentiary and Fiscal Agent of Venezuela in London and the Council of Foreign Bondholders, for the conversion and arrangement of the National Debt of the United States of Venezuela, which Agreement is of the following tenor :—

“AGREEMENT for the Conversion and Settlement of the National Debt of the United States of Venezuela entered into between HIS EXCELLENCY SEÑOR DON JOSE MARIA DE ROJAS Minister Plenipotentiary and Fiscal Agent of Venezuela in London on behalf and in the name of the Government of the said State of the one part and THE COUNCIL OF FOREIGN BONDHOLDERS by the Right Honourable EDWARD PLEYDELL BOUVERIE, Chairman thereof, on behalf and in representation of the Holders of Outstanding Bonds of the External Debt of Venezuela, of the other part.

“1. For the purpose of withdrawing from circulation and converting the External Debt of Venezuela and for other purposes, the

Government shall create New External Bonds of such State for the nominal sum of £2,750,000 sterling (part of a total creation of £4,000,000 sterling in External and Internal Bonds for the conversion of the whole of the debt of the State) to bear interest at 4 per cent. per annum, such New Bonds to be called Consolidated Debt of the United States of Venezuela.

"2. A Board shall be formed for the purpose of supervising and carrying out the conversion of the External Debt of the State now outstanding, and shall consist of five members, two of them chosen by the State, and the remaining three by the Bondholders or their representative, any vacancy occurring from death, resignation or other cause, to be filled by the party whose original appointment shall become vacant.

"3. The Board may act notwithstanding any vacancy occurring in the number of the Members thereof, and three of them being present at any meeting to which all must be summoned, shall constitute a valid quorum of the Board, which shall continue its functions until the completion of the conversion of the External Debt proposed by this Agreement. The Board shall have power to issue the necessary regulations for the discharge of the duties and functions assigned to it by this Agreement, and also to arrange and settle (in any way not incompatible therewith), as it shall think proper, all questions arising during the conversion, and to take all measures necessary for carrying out this Agreement or directed to this end.

"4. The New External Bonds for £2,750,000 sterling, which are to be created in virtue of the First Clause, shall bear date 15th May, 1880, and shall be in such form, and of such denominations, as the Board shall approve of; they shall be signed by the Agent duly appointed by the State in London; before the issue thereof they shall be countersigned in name of the Board, and sealed with the seal thereof; and shall have annexed thereto interest coupons payable in London half-yearly on the 15th November and 15th May in every year, the first coupon to be paid on 15th November, 1880.

"5. So long as any portion of the New External Bonds for £2,750,000 sterling issued in conformity with this Agreement are outstanding, the State, commencing on 1st April, 1880, will pay on the first day of each month to the Agent of the Bondholders in Carácas, the sum of £9,395 16s. 8d. sterling in gold, or the equivalent thereof (that is to say, £9,166 13s. 4d. sterling per month for the service of such External issue, and £229 3s. 4d. sterling per month for expenses

of agency, remittance, and payment), and such monthly payments shall be immediately transmitted to a Bank or house in London, and the said sum of £9,166 13s. 4d. sterling per month shall be applied in the following manner :—

“ 1st. To the payment of the interest coupons becoming due on the New External Bonds issued under this Agreement, as shall for the time being remain outstanding, and

“ 2nd. All the balance remaining after the payment of such interest to the half-yearly redemption on 15th May and 15th November in each year, of the principal of such Bonds, by tender or purchase in the market, in such way as the State from time to time shall direct ; or, if it should not so direct on or before the half-yearly day, then as the Council shall direct in name of the Bondholders. All Bonds so redeemed shall be cancelled and sent to the State when so required by it.

“ The Agent in Carácas and the Bank or house in London shall be appointed and removed by the Bondholders, and they shall act as their Agents exclusively for the objects of this Agreement, the responsibility of the State ceasing on its making the monthly payments in Carácas.

“ 6. The New External Bonds for £2,750,000 Sterling duly signed in name of the State shall be transmitted to the Board before the conversion of the External Debt is commenced in conformity with this Agreement.

“ 7. All the expenses of the conversion of the Debt, including the cost of the New Bonds, printing, advertisements, stamps, rent, stationery, clerks' salaries, remunerations of the Board and Depositories under this Agreement, and all further expenses shall be borne and provided for by the State, and the Board shall immediately countersign and seal Bonds for £250,000 sterling, portion of the New External Bonds for £2,750,000 sterling, and shall return them to the State for it to meet therewith such expenses.

“ 8. The remaining New External Bonds, amounting to £2,500,000 sterling, shall be distributed by the Board in the following proportions among the holders of the Old External Bonds of the State that may be deposited with the Board for conversion on or before the 31st December, 1881, viz. :

“ (a.) £60 Sterling in New Bonds for every £100 of the Old 6 per cent. External Bonds of 1862 and 1864 and Coupon

Stock of 1862, with all the Coupons annexed, due, partly paid and not due.

“(b.) £30 Sterling in New Bonds for every £100 of the Old External 3 per cent. Bonds of 1859, with all the Coupons annexed, due, partly paid and not due.

“(c.) £15 Sterling in New Bonds for every £100 of the Old 1½ per cent. External Bonds of 1859, with all the Coupons annexed, due, partly paid and not due.

“The Board will make a proportionate deduction in the amount of the New Bonds in respect of any missing Coupons due or partly paid becoming due before the 15th May, 1880 (not deposited with the corresponding Bonds for their conversion). The sum so deducted shall be handed over by the Board to the holder of the detached Coupons when he subsequently deposits them, but detached Coupons shall not be convertible alone unless Bonds of the same class without Coupons of a like or greater sum shall have been previously converted.

“9. Any Interest Coupons on the New External Bonds that may have become due before the date of the presentation of the Old one for their conversion shall be detached and cancelled by the Board before the delivery of the New Bonds, and any balance of New External Bonds remaining in the hands of the Board after the 31st December, 1881, and that it may not be necessary to exchange for the Old ones previously deposited for conversion, shall be cancelled with all their coupons and returned to the State when it asks for them, but it shall not claim any reduction in respect of such cancelled Coupons or Bonds in the amount of the monthly payment stipulated in the 5th Clause, a payment which shall continue to be made in full.

“10. All the Old Bonds and Coupons so exchanged, shall be deposited by the Board in the Bank of England in the name of two Depositaries for the Bondholders who will be named by them or their representative (with power to re-appoint when any vacancy arises) as security in favour of the Bondholders for the time and subject to the dispositions of the following Clauses.

“11. Provided that all the Coupons previously matured on the New External Bonds shall have been paid by the State, the depositaries shall at the following dates, in virtue of a request and at the expense of the State, detach, cancel, and deliver over to the State, the following Coupons due on the Old External Bonds that may have been deposited, that is :

“(a.) On 31st May, 1881, all the Coupons payable before 1868 or in that year.

“(b.) On 31st May, 1882, all the Coupons payable in the years 1869 to 1872 inclusive.

“(c.) On 31st May, 1883, all the Coupons payable in the years 1873 to 1876 inclusive.

“(d.) On 31st May, 1884, all the Coupons payable in the years 1877 to 1880 inclusive.

“(e.) On 31st May, 1885, all the Coupons payable in the years 1881 to 1884 inclusive.

“12. On the 31st December, 1885, should there not have previously been for two consecutive half-years default in payment of the Coupons on the New External Bonds, the Depositories shall at the request and cost of the State, cancel and deliver over to it all the Old Bonds and Coupons which may then be in their hands : but should there have been such default in the payment of two consecutive Coupons, then the Depositories, should they be thereto required, shall distribute such Old Bonds and Coupons among the holders of the New Bonds, and at their expense, in exchange for the latter in the following proportions, viz.—£166 13s. 4d. sterling of the Old Six per Cent. Stock, or £333 6s. 8d. sterling of the Old Three per Cent. Stock, or £666 13s. 4d. sterling of the Old One-and-a-Half per Cent. for every New Bond of £100, and the unpaid Coupons thereon.

“13. New Internal Bonds for £1,250,000 sterling (balance of the said total creation of £4,000,000 sterling in New Bonds) shall be applied in such way as the State shall direct to the conversion of the Internal Debt, but they shall not be issued until after 1st March, 1882, and any application, which at any time it may be proposed to make for the quotation of such Internal Bonds on the London Stock Exchange, shall be made in such manner as the State and Council shall agree, it being always understood that the monthly payments stipulated by the 5th Clause are applicable exclusively to the service of the New External Bonds issued under this Agreement.

“14. The Minister or Fiscal Agent for the time being of the State in London shall represent it, and he is authorised to act in its name for all the purposes of this Agreement, and to receive and give valid discharges for all the Old and New Bonds and Coupons which under it have to be handed over to the State.

“15. All the acts which, according to this Agreement, are to be done or authorised by the Bondholders, can be performed by means



of a resolution of a General Meeting thereof in London, publicly convened by the Council, or on the requisition of the holders, or may be performed by the Council in name of the holders under the authority of a general or other resolution of any General Meeting thereof.

" 16. This Agreement is subject to the ratification of the Bondholders in General Meeting, to be convened by the Council, and held in London within fourteen days from this date, and also to the ratification of the Congress of the United States of Venezuela; but if this latter should not be notified officially to the Council on or before the 1st July, 1880, the Council may at any time thereafter declare this Agreement void.

" Done on the 24th January, 1880.

" *For the Government of the United States of Venezuela,*  
(Signed) " J. M. DE ROJAS.

" *For the Council of Foreign Bondholders,*  
(Signed) " E. P. BOUVERIE,  
" *Chairman.*"

## DECREES.

ARTICLE 1.—The before-inserted Agreement is ratified, with the following modifications:—

- 1st.—The External Bonds to be issued in fulfilment and execution of the aforesaid Agreement shall only bear interest at three per cent. per annum until the unification of the Internal Debt is carried out.
- 2nd.—The First of January of next year, 1881, is fixed in order to compute all the periods of time established in the Agreement of which the present ratification is the object.
- 3rd.—The Government of Venezuela is not responsible in any case for the employment that may be given to the Bonds for £250,000 taken out of the total value of the arrangement, and destined by Article 7 thereof for the expenses of the negotiation. The employment of that sum is referred to the Fiscal Agent of the Republic in London, and the responsibility of the State and his responsibility are saved even in

the event of the sum destined being insufficient for such expenses.

ARTICLE 2.—The National Executive is authorised to take the fitting measures for the better fulfilment of the Agreement.

Given in the Hall of Sessions of the Congress, in the Palace of the Federal Legislative Body in Carácas, on 28th May, 1880, Seventeenth Year of the Law and Twenty-second of the Federation.

*The President of the Senate,*      *The President of the Chamber of Deputies,*  
NICOLAS M. GIL.                      JUAN TOMAS PEREZ.

*The Secretary of the Senate,*      *The Deputy Secretary,*  
M. CABALLERO.                      N. AUGUSTO BELLO.

Federal Palace in Carácas, on the 29th May, 1880, Seventeenth Year of the Law and Twenty-second of the Federation.

Let it be fulfilled and care be taken of its fulfilment.

GUZMAN BLANCO.

*The Minister of Public Credit,*  
JULIO SABAS GARCIA.

An exact Copy.

*The Director of the External Credit,*  
JULIO CALCAÑO.

### III.—RESOLUTION OF GENERAL MEETING OF BOND- HOLDERS OF 2ND SEPTEMBER, 1880.

At a General Meeting of the Holders of Bonds of the External Debt of Venezuela, convened by the Council of Foreign Bondholders, and held at No. 17, Moorgate Street, in the City of London, on the 2nd day of September, 1880,

IT WAS RESOLVED :—

That the Resolutions passed on the 3rd of February last, at a meeting of holders of Bonds of the External Debt of Venezuela, at



17, Moorgate Street, London, be, and they are hereby confirmed ; and that the Modifications made by the Law of the 28th of May, 1880, of the Congress of Venezuela, ratifying the Agreement of 24th January, 1880, as adopted on the 3rd of February, 1880, be accepted, subject to a Decree being issued by the National Executive of Venezuela, giving effect thereto on the terms stated in the Memorandum of H.E. Señor Rojas of the 30th July, 1880.\*

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#### IV.—DECREE OF THE NATIONAL EXECUTIVE OF 2ND OCTOBER, 1880.

[TRANSLATED FROM THE SPANISH LANGUAGE.]

*From the OFFICIAL GAZETTE of the United States of Venezuela,  
No. 2194, Carácas, 5th October, 1880.*

#### PRESIDENCY OF THE REPUBLIC.

I, GUZMAN BLANCO, Illustrious American, Pacificator, Regenerator, and President of the United States of Venezuela, &c., &c., &c.

The modifications with which the Congress of the United States of Venezuela ratified the Agreement for the Conversion of the External Debt having been considered and unanimously accepted by the holders of Bonds of the Debt at a General Meeting held in London on the 2nd September last ; in use of the powers conferred upon me by the Law of 29th May of the current year, and having seen the MEMORANDUM in which the Minister Plenipotentiary and Fiscal Agent of the Republic presented them, and the tenor whereof is as follows :—

“ I. (ARTICLE 1.)—The Interest on the New Bonds shall be 3 per cent. per annum, until the unification of the Internal Debt be effected. The date at and from which such unification shall take effect is the 1st March, 1882, mentioned in Article 13. The first three Interest Coupons of the External Bonds will consequently be at the rate of 3 per cent. per annum, and the remaining Coupons at the rate of 4 per cent. per annum.

“ II. (ARTICLE 4.)—The New Bonds shall bear date 1st January, 1881. The half-yearly Interest Coupons shall become due on the 30th

\* The Memorandum is recited in the next following Decree.

June and 31st December in each year, and shall be payable in London on the 15th August and 15th February following. The first Coupon shall be paid on the 15th August, 1881.

“ III. (ARTICLE 5.)—The monthly payments which have to be made whilst only 3 per cent. per annum is paid on the New External Bonds shall amount to £7,046 17s. 6d., in gold or the equivalent thereof, that is to say, £6,875 per month for the service of the External Debt, and £171 17s. 6d. per month for expenses of agency, remittances, and payments. The first of such payments shall be made on the 1st January, 1881. These monthly payments shall be increased to £9,395 16s. 8d. as established by Article 5, commencing from the 1st July, 1882. The surplus applicable, after covering the Interest, to amortization, shall be applied half-yearly on the 15th August and 15th February in each year.

“ IV. (ARTICLE 7.)—The employment of the Bonds destined for the Expenses is referred to the Fiscal Agent of the Republic in London.

“ V. (ARTICLE 8.)—The date 14th August, 1882, shall be substituted for that of the 31st December, 1881, and the date 15th November, 1880, for that of the 15th May, 1880, in this Article.

“ VI. (ARTICLE 9.)—The date 14th August, 1882, shall be substituted for that of the 31st December, 1881, in this Article.

“ VII. (ARTICLE 11.)—The following dates shall be substituted for those fixed in this Article, viz. :—

- (a) 28th February, 1882.
- (b) 28th February, 1883.
- (c) 28th February, 1884.
- (d) 28th February, 1885.
- (e) 28th February, 1886.

“ VIII. (ARTICLE 12.)—The date, 30th September, 1886, shall be substituted for that of the 31st December, 1885, in this Article. The whole of the New External Bonds belonging to one sole issue, in the event of redistribution the Agents (*Comisarios*) shall with reference to the total amount of the New External Bonds compared with that of the old ones that may be deposited, fix the corresponding proportional deduction which should be made in the proportions of the Old Bonds to be returned, against which deduction a corresponding proportion in New Bonds will have to be delivered.

“ IX. (ARTICLE 13.)—This Memorandum shall be authorised by a Decree of the National Executive of Venezuela.”

# DECREE.

ARTICLE 1.—I ratify the before inserted Memorandum in all its parts.

ARTICLE 2.—The Minister of Public Credit is entrusted with the execution of the present Decree.

Given, signed by my hand, and countersigned by the Minister of Public Credit in the Federal Palace at Carácas on the 2nd of October, 1880.

GUZMAN BLANCO.

Countersigned.

*The Minister of Public Credit,*

JULIO SABAS GARCIA.

A true Copy.

*The Director of the External Credit,*

EDUARDO RODRIGUEZ CRUCES.

The Conversion commenced at the date of this Report (14th February, 1881), and the Agents of the Bondholders in Carácas have remitted the first monthly instalment due in January for the service of the debt, in accordance with the Convention. A notification of remittances on this Account will be made to the press from time to time as the advices arrive.

# VIRGINIA.

## Virginian Committee.

Right Hon. E. Pleydell-

Bouverie, *Ex-officio*.

Geo. Artingstall, Esq.

Lieut.-Colonel Aytoun, R.A.

R. L. Baker, Esq.

Jas. B. Blarney, Esq.

Morris Cantor, Esq.

Charles Clark, Esq.

David Clark, Esq.  
 J. Conybeare, Esq.  
 John Dabbs, Esq.  
 Joseph Hankey Dobree, Esq.  
 W. Duncan, Esq.  
 C. E. Flower, Esq.  
 John Ford, Esq.  
 Commissary-General R. M.  
 Gardiner.  
 R. H. Glyn, Esq.  
 John Alers Hankey, Esq.  
 Arthur Horrigan, Esq.  
 E. Humphreys, Esq.  
 Henry Joachim, Esq.  
 General Sir Arnold Kemball,  
 K.C.B., K.C.S.I.  
 Arthur Kimber, Esq.  
 Silvester L'Amy, Esq.

Robt. P. Laurie, Esq.  
 G. I. Leon, Esq.  
 J. L. Mieville, Esq.  
 Samuel Montagu, Esq.  
 D. Oppenheimer, Esq.  
 M. J. O'Shaughnessy, Esq.  
 Geo. Penson, Esq.  
 Giuseppe A. Pugno, Esq.  
 Geo. T. Rait, Esq.  
 Geo. Richardson, Esq.  
 W. R. Richardson, Esq.  
 Captain W. W. Ross.  
 C. Satterthwaite, Esq.  
 W. Trotter, Esq.  
 Geo. Yule, Esq.

*Secretary.*

Hyde Clarke, Esq.

The Council report with much regret that the default which occurred in the payment of the second Coupon due 1st January, 1880, of the 10/40 Bonds, issued under the Funding Act of the 28th of March, 1879, still continues.

In the General Assembly, which met on the 4th of December, 1879, many of the Republican party coalesced with the Readjusters of the Debt, and formed a majority under whose influence the default was made, and who rendered payment of the Coupon impossible, by the process of emptying the Treasury by the issue of School Warrants to the amount of \$460,000.

On the 9th of February, 1880, Mr. Riddleberger, a prominent Readjuster, brought in a Bill "to re-establish the Public Credit," which proposed to reduce the principal of the Debt by a third, and the interest to three per cent., "to be paid out of such funds as may be in the Treasury,"

and to prohibit the receipt of Coupons for taxes. The Bill provided for the funding of all outstanding Bonds, including those recently funded under the Act of 1879.

It was passed by large majorities through both Houses of the Legislature, but was vetoed by Governor Holliday, on the 5th of March, in these memorable words: "I cannot give my signature in approval of this Bill. I respectfully return it to your honourable body, in which it originated, because I believe it to be in violation of the constitution of the State, in violation of the constitution of the United States, in violation the spirit which has ever moved and inspired the traditions of the commonwealth."

Happily this veto was sustained, in consequence of the two-thirds majority necessary to annul it not being secured.

Mr. Francis Bennoch, a member of the Council, during a visit to America last summer, had a semi-official interview with Governor Holliday on the subject of the State Debt and default. In the Report made by him, and published on his return, he thus speaks of the Governor:—

"He is manly in his bearing, loyal to the great trust reposed in him, and true to the Bondholders, because in supporting their claims, he believes that he best serves the highest interest of the State. . . . He feels acutely the discredit cast upon the Assembly, and the insult offered to himself, when the Members separated without passing an Appropriation Bill, by which alone he could carry out his financial engagements. . . . This is the more dishonourable, since from reliable sources I have learnt that there are ample means attainable to enable the Governor to honourably and punctually meet every engagement, did the Assembly faithfully and rightfully empower him to do so."

It cannot be disguised that the position of the Bondholders may be weakened, if the Readjusters are able to secure, in the coming State elections, the large Republican negro vote, and to induce a considerable section of the Democratic party to concur with them on the Debt question.

The result of the Federal elections held last November, for the President, Vice-President, and Members of Congress, can scarcely be considered as a distinct indication of the relations existing between the Debt-payers and the Readjusters on questions of State policy, or between either of them and the Republicans, who at the Federal elections temporarily severed the alliance they had made with the Readjusters as against the Debt-payers.

The Council, in conjunction with some Bondholders in England and in the United States, and upon their application, have assisted in providing the means of carrying the case of *Hartmann v. Greenhow* on appeal to the Supreme Court of the United States. The following decision is reported to have been pronounced by Justice Field:—

“The power of the State to impose a tax upon her own  
 “Obligations is a subject upon which there has been a  
 “difference of opinion among jurists and statesmen. But  
 “whatever may be the wisest rule as to the taxability of  
 “public securities, it is settled that any tax levied upon  
 “them cannot be withheld from the interest payable  
 “thereon. This was the judgment in the case of *Murray*  
 “*vs. Charleston* (96, U. S., 445), where the Court held  
 “that by the legislation of the city its obligation to its  
 “creditors was impaired, and however great its power of  
 “taxation, it must be exercised, being a political agency of  
 “the State, in subordination to the inhibition of the Federal  
 “Constitution against legislation impairing the obligation  
 “of a contract.

“ This decision would be decisive in the present case, but  
 “ the present case is still stronger for the creditor. The  
 “ Funding Act made the Bonds issued under it payable to  
 “ order or bearer, and made the Coupons payable to bearer.  
 “ The Bonds and Coupons were so far distinct and inde-  
 “ pendent contracts that they could be separated from each  
 “ other, and transferred to different hands. This Court has  
 “ repeatedly held that such Coupons have all the essential  
 “ attributes of commercial paper; that they are separate  
 “ claims against the State, and may be used to support  
 “ separate and independent actions. The Coupons held by  
 “ Hartmann, the petitioner, were distinct contracts, imposing  
 “ their own separate obligations upon the State. Hart-  
 “ mann was not the owner of the Bonds to which they had  
 “ been originally attached. In his hands they were as free,  
 “ and discharged from all liability on those Bonds, as though  
 “ they had never been connected with them. And argu-  
 “ ment is hardly necessary to prove that an Act which re-  
 “ quires the holder of one contract to pay the taxes levied  
 “ upon another contract held by a stranger cannot be sus-  
 “ tained. Such an Act is not a legitimate exercise of the  
 “ taxing power. It undertakes to impose upon one the  
 “ burdens which should fall, if at all, upon another.

“ The Funding Act stipulated that the Coupons should  
 “ be receivable for all taxes and dues to the State for their  
 “ full amount, and upon this pledge the holders of the Bonds  
 “ of the State surrendered them and took new Bonds for  
 “ two-thirds of the amount. The Act of 1876 declares  
 “ that the Coupons shall not be thus received for taxes for  
 “ their full amount, but only for such portion as may re-  
 “ main after a tax subsequently levied upon the Bonds to  
 “ which they were originally attached is deducted. If  
 “ this Act does not impair the contract with the Bondholder  
 “ —who was authorised to transfer to others the Coupons



“ with the quality of receivability for taxes annexed—it  
 “ is difficult to see in what way it would be impaired,  
 “ even though the tax on the Bond should equal the whole  
 “ face of the Coupon. If, against the express terms of its  
 “ contract the State can take a portion of the interest in the  
 “ shape of a tax on the Bond, it may at its pleasure take the  
 “ whole. This Court is clear, therefore, that the Act of  
 “ the Legislature of the State of Virginia of 1876, requiring  
 “ the tax on her Bonds issued under the Funding Act  
 “ of March 30, 1871, to be deducted from the Coupons  
 “ originally attached to them when tendered in payment  
 “ of taxes or other dues to the State, is, in the face of the  
 “ previous contract with such Bondholders, contained in  
 “ the Funding Act, a law impairing the obligation of a  
 “ contract, and that it is, therefore, void.

“ It follows, that the petitioner was entitled to his man-  
 “ damus to compel the Treasurer of the City of Richmond  
 “ to receive the Coupons tendered to him in payment of  
 “ taxes for their full amount. The judgment of the Su-  
 “ preme Court of Appeals of Virginia denying the writ is  
 “ therefore, reversed, and the cause remanded for further  
 “ proceedings in accordance with this opinion.”

## LIBRARY AND RECORDS.

The compilation of information relative to the finances loans, and debts of foreign countries and the colonies of Great Britain, continuously progressing by extracts from official documents, books, and newspapers, embraces eighty-five subjects of interest and utility for financial reference, and forms a collection of special records.

The following Governments have contributed works.



some of them of considerable value, to the Library of the Corporation :—Austria, Belgium, Denmark, Egypt, France, Germany, Italy, Japan; the United States; the States of Indiana, Louisiana, Missouri, Ohio, South Carolina, Virginia, and the District of Columbia; the Dominion of Canada; and Victoria.

In naming them, the Council desire to record their sense of the generosity with which an appeal, made on behalf of the Library to foreign and distant Governments, has been responded to.

The Council are also indebted to the India Office for a large collection of books relative to the finances and resources of Hindostan; and the Foreign Office for the Consular Reports published by Government.

The Chevalier de Costa Ricci and Mr. R. H. Brooks have also made contributions, and a considerable number of prospectuses and papers on finance have been presented by Mr. James Roberts Brown.

The Council hope they may continue to rely on the liberality of the friends of the Corporation for further contributions relating to the special subjects on which the public require information in connection with international finance.

# LOANS IN DEFAULT IN 1881.

STATES IN DEFAULT.	DEBT.		INTEREST.		
	Description.	Approximate Amount Unredeemed.	Date of		Approximate Amount in Default.
			1st Coupon in Default.	Coupon included.	
1. COSTA RICA .....	6 % of 1871, 1st Iss.	£ 467,700	1 Nov., 1874	1 Nov., 1880	£ 182,403
	6 % of 1871, 2nd Iss.	473,500	1 Nov., 1874	1 Nov., 1880	184,665
	(a) 7 % of 1872	1,460,100	1 April, 1874	1 Oct., 1880	715,449
		£2,401,300			£1,082,517
2. ECUADOR .....	1 % of 1855	£1,824,000	1 May, 1868	1 May, 1881	£246,240
3. GUATEMALA.....	5 % of 1856	73,600	1 Feb., 1876	1 Feb., 1881	20,240
	6 % of 1869	468,600	2-3rd of April, 1876	1 April, 1881	149,952
4. HONDURAS .....		£542,200			£170,192
	5 % of 1867	78,800	1 April, 1873	1 Oct., 1880	31,520
	10 % of 1867	900,700	1 Jan., 1873	1 Jan., 1881	765,595
	6½ % of 1869	2,176,570	1 March, 1873.	1 Sept., 1880	1,160,837
	10 % of 1870	2,242,500	1 Jan., 1873	1 Jan., 1881	1,906,125
		£5,398,570			£3,884,077

some of them of considerable value, to the Library of the Corporation :—Austria, Belgium, Denmark, Egypt, France, Germany, Italy, Japan; the United States; the States of Indiana, Louisiana, Missouri, Ohio, South Carolina, Virginia, and the District of Columbia; the Dominion of Canada; and Victoria.

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1. COSTA RICA .....	6 % of 1871, 1st Iss. 6 % of 1871, 2nd Iss. (a) 7 % of 1872	£ 467,700 473,500 1,460,100	1 Nov., 1874 1 Nov., 1874 1 April, 1874	1 Nov., 1880 1 Nov., 1880 1 Oct., 1880
2. ECUADOR .....	1 % of 1855	£2,401,300	1 May, 1868	1 May, 1881
3. GUATEMALA.....	5 % of 1856 6 % of 1869	73,600 465,600	1 Feb., 1876 2-3rd of April, 1876	1 Feb., 1881 1 April, 1881
4. HONDURAS .....	5 % of 1867 10 % of 1867 6½ % of 1869 10 % of 1870	78,800 900,700 2,176,570 2,242,500	1 April, 1873 1 Jan., 1873 1 March, 1873. 1 Jan., 1873	1 Oct., 1880 1 Jan., 1881 1 Sept., 1880 1 Jan., 1881
5. LBERIA .....	7 % of 1871	£5,393,572		£3,861,677
6. LOUISIANA (b).....	Various dates from 1853 to 1871, at 6, 6, 7 and 8 %, but Consolidated at 7 % in 1874 at 60 %.	£100,000	1 Aug., 1874	1 Feb., 1881
7. MEXICO .....	3 % of 1851 3 % Deferred of 1851 3 % of 1864 Coupons of Deferred 6 % Anglo-French of 1864 (repudiated)	10,241,650 434,350 4,864,800 — 12,365,000	3rd of July, 1866 not converted 1851 1 Jan., 1867 1 Jan., 1864 1 July, 1867	1 Jan., 1881 1 Jan., '54, at 60 % 1 Jan., 1881 1 Jan., 1864 1 Jan., 1881
8. PARAGUAY .....	8 % of 1871 8 % of 1872	£27,905,800	15 June, 1874 1 July, 1874	15 Dec., 1880 1 Jan., 1881
9. PERU .....	5 % of 1869 6 % of 1870 5 % of 1872	264,680 11,141,380 21,546,740	1 Jan., 1876 1 Jan., 1876 1 Jan., 1876	1 Jan., 1881 1 Jan., 1881 1 Jan., 1881
10. SANTO DOMINGO.....	6 % of 1869	£32,953,000	1 Jan., 1873	1 Jan., 1881
11. TURKEY (c) .....	6 % of 1858 6 % of 1860 6 % of 1862 6 % of 1863/4 6 % of 1865 5 % of 1865/74 6 % of 1869 3 % of 1870 9 % of 1872 6 % of 1873	3,684,750 1,654,030 4,999,650 5,164,650 4,098,500 86,373,817 20,650,000 31,502,400 6,620,600 27,196,740	1st of March, 1876 1st of Jan., 1876 1st of Jan., 1876 1st of Jan., 1876 1st of Jan., 1876 1st of Jan., 1876 1 April, 1876 1 April, 1876 1st of Jan., 1876 1 April, 1876	1 Sept., 1880 1 Jan., 1881 1 Jan., 1881 1 Jan., 1881 1 Jan., 1881 1 Jan., 1881 13 Jan., 1881 1 Oct., 1880 1 Oct., 1880 13 Jan., 1881 1 Oct., 1880
12. VIRGINIA (d) .....	5 % Sterling (two-thirds) 6 % \$ "Prelims" 6 % \$ "Old" (two-thirds) 6 % Tax Consols West Va.'s one-third	£190,945,137 363,675 671,732 789,855 4,044,903 3,047,870 £5,918,035	1 Jan., 1875 1 Jan., 1875 1 July, 1875 1 July, 1871	1 Jan., 1879 1 Jan., 1879 1 Jan., 1879 1 Jan., 1881
				Mostly discharged by sale of Coupons. Not known.
				£790,060

Notes :—(a) This excludes all Bonds re-purchased and pledged.

(b) The Council have issued Certificates of Claim for the 40 % of Principal lost in the Conversion of £459,280 of Old Bonds.

(c) The Interest of the 4 % Loan of 1855 (guaranteed) and the service of the "arranged" 1854 and 1871 Loans, and the New 1877 Loans are duly paid.

(d) This includes all unconverted Bonds and Bonds destroyed during the war. Under the Funding Act of March, 1879, which is now practically in abeyance through the action of the Legislature, about £1,600,000 of the Debt, including arrears of interest, has been funded into New 10/40 Bonds with tax free, tax receivable Coupons bearing 3 % interest, rising gradually to 5 %, at the rate of two Tax Consols and one of the Peelers Bonds, or double the amount of arrears of interest into three of New 10/40 Bonds, but the State does not pay the interest as agreed, and the holders of the New 10/40 Bonds as well as of the Old 6 % Tax Consols of 1871, are obliged to sell these Coupons to tax-payers at something less than their par value to realise a return on their investments. If the whole of the Debt had been funded under the Act of 1879, it would not have exceeded a principal sum of about £6,600,000, which is well within the ability of the State to satisfy.

## APPROXIMATE SUMMARY OF LOANS IN DEFAULT.

NAME OF STATE.	Approximate Principal Unredeemed.	Approximate Interest Overdue.	Total.
1. COSTA RICA.....	£ 2,401,300	1,082,517	3,483,817
2. ECUADOR .....	1,824,000	246,240	2,070,240
3. GUATEMALA.....	542,200	170,192	712,392
4. HONDURAS .....	5,398,570	3,864,077	9,262,647
5. LBERIA .....	100,000	43,000	143,000
6. LOUISIANA .....	3,000,000	210,000	3,210,000
7. MEXICO .....	27,905,800	14,168,354	42,074,154
8. PARAGUAY .....	1,505,400	812,916	2,318,316
9. PERU .....	32,953,000	9,674,862	42,627,862
10. SANTO DOMINGO .....	714,300	364,293	1,078,593
11. TURKEY .....	190,945,137	50,472,216	241,417,353
12. VIRGINIA .....	5,918,035	790,040	6,708,075
12 STATES.	£273,207,742	£81,905,307	£355,113,049

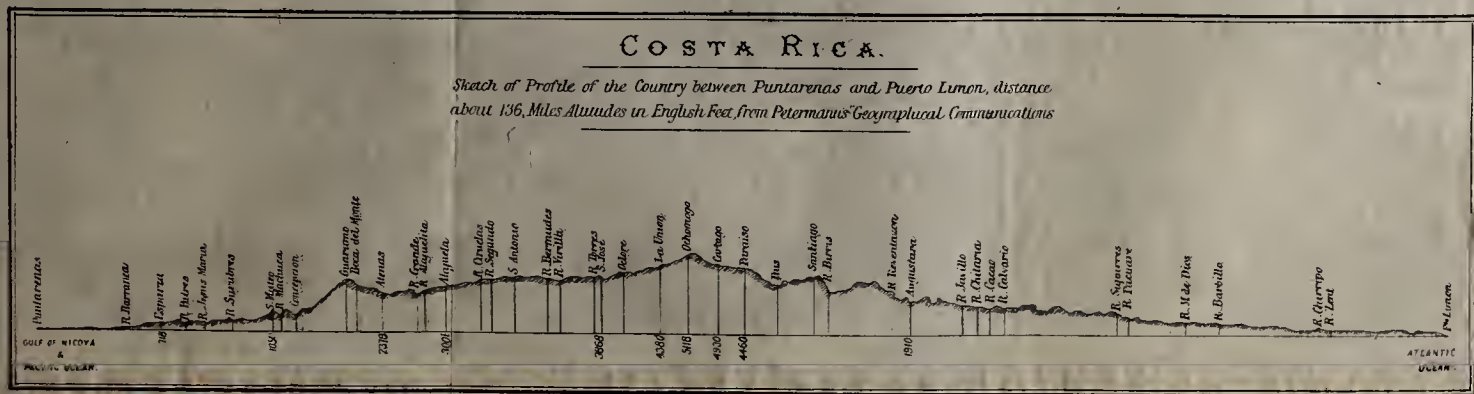
N.B.—It will be seen that since the return for the year 1876 the following Loans have disappeared from this "Black" List, viz. :—The 8 per Cent. Loan of Alabama, the 6 per Cent. Loans of Bolivia, the 5 per Cent. Loans of Greece of 1824 and 1825, the 6 per Cent. Turkish Loans of 1854 and 1871, the 6 per Cent. Loan of Uruguay, and the 1½ per Cent., 3 per Cent., and 6 per Cent. Loans of Venezuela. The Columbian 4½ per Cent. Loan of 1873, in default in 1879, 1880, is now in course of arrangement.

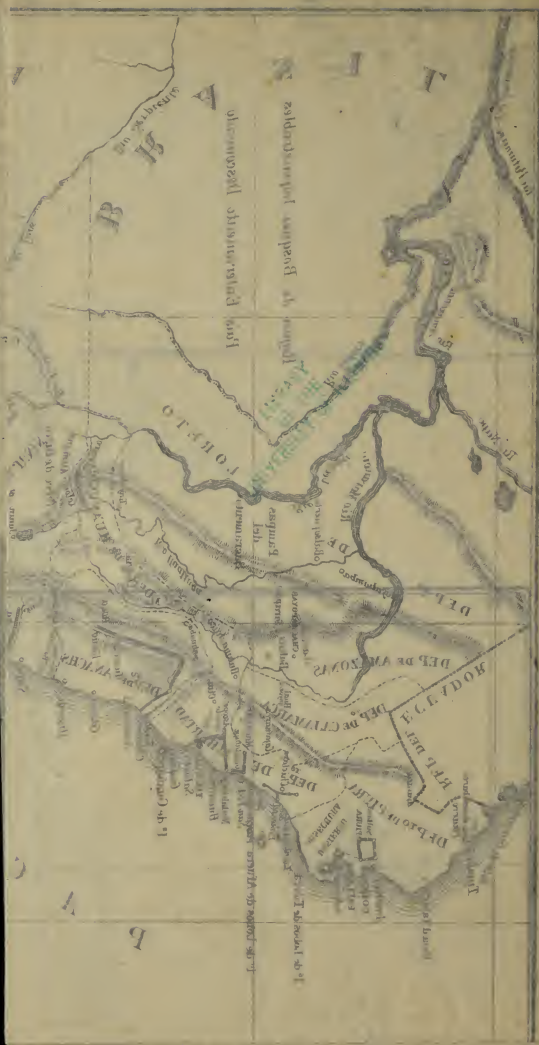
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3. GUATEMALA.....	542,200	170,192	712,392
4. HONDURAS.....	5,398,570	3,864,077	9,262,647
5. LIBERIA.....	100,000	49,000	149,000
6. LOUISIANA.....	3,000,000	210,000	3,210,000
7. MEXICO.....	27,905,800.	14,168,954	42,074,754
8. PARAGUAY.....	1,505,400	812,916	2,318,316
9. PERU.....	32,953,000	9,674,862	42,627,862
10. SANTO DOMINGO.....	714,300	364,293	1,078,593
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NINTH ANNUAL GENERAL REPORT  
OF THE COUNCIL  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

*Incorporated on the First of August, 1873,  
By Licence of the Board of Trade.*

---

FOR THE YEAR 1881.

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TO BE SUBMITTED TO THE  
GENERAL MEETING OF MEMBERS OF THE  
CORPORATION

CONVENED FOR  
THE 28<sup>th</sup> OF FEBRUARY, 1882, AT 12 O'CLOCK NOON,  
*At the Councilhouse, 17, Moorgate Street,  
in the City of London.*

---

LONDON:  
COUNCILHOUSE, No. 17, MOORGATE STREET,  
FEBRUARY, 1882.





NINTH ANNUAL GENERAL REPORT  
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LONDON:  
COUNCILHOUSE, No. 17, MOORGATE STREET,  
FEBRUARY, 1882.

# THE CORPORATION OF FOREIGN BONDHOLDERS.

## NOTICE OF GENERAL MEETING.

NOTICE IS HEREBY GIVEN that the TENTH ORDINARY GENERAL MEETING of the CORPORATION OF FOREIGN BONDHOLDERS will be held at the COUNCILHOUSE, No. 17, Moorgate Street, in the City of London, on TUESDAY, the 28th of FEBRUARY, 1882, at 12 o'clock noon, for the following purposes:—

- (1.) To consider the Report of the Proceedings of the Council, and the Statement of Accounts made up to the 31st December, 1881.
- (2.) To elect four Members of the Council, in place of Mr. Walter R. Farquhar, Sir E. H. Scott, Bart., Mr. C. Surgey, and Mr. G. Cavendish Taylor, who retire by rotation, but, being eligible, offer themselves for re-election.
- (3.) To elect Auditors for the ensuing year. Messrs. Cooper, Wintle & Co., the retiring Auditors, offer themselves for re-election.
- (4.) To transact all such other business as may be transacted at Ordinary Meetings of the Corporation, and to pass Resolutions thereon.

By Order of the Council,

HYDE CLARKE,

*Secretary.*

COUNCILHOUSE,

17, MOORGATE STREET, E.C.,

21st February, 1882.

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# MEMBERS OF THE COUNCIL.

---

RIGHT HON. EDWARD PLEYDELL-BOUVERIE, *Chairman.*

SIR JOHN LUBBOCK, BART., M.P., F.R.S., } *Deputy*  
RICHARD BIDDULPH MARTIN, Esq., M.P., } *Chairmen.*

GENERAL SIR GEORGE BALFOUR,  
K.C.B., M.P.

FRANCIS BENNOCH, Esq.

RIGHT HON. G. A. F. CAVENDISH  
BENTINCK, M.P.

LIONEL N. BONAR, Esq.

THE RIGHT HON. R. BOURKE, M.P.

JOHN HENRY DANIELL, Esq.

ROGER EYKYN, Esq.

W. R. FARQUHAR, Esq.

THE RIGHT HON. LORD KINNAIRD.

THE HON. H. D. RYDER.

SIR E. H. SCOTT, BART.

CORNELIUS SURGEY, Esq.

GEORGE CAVENDISH TAYLOR, Esq.

WILLIAM TROTTER, Esq.

HENRY TUDOR, Esq.

SIR HENRY W. TYLER, M.P.

LT.-GENERAL J. L. VAUGHAN, C.B.

T. M. WEGUELIN, Esq.

## Secretary.

HYDE CLARKE, Esq.

## Standing Counsel.

T. W. SNAGGE, Esq.

## Solicitors.

MESSRS. TRAVERS SMITH & BRAITHWAITE.

MESSRS. NORTON, ROSE, NORTON & BREWER.

## Notary.

WILLIAM GRAIN, Esq.

## Auditors.

MESSRS. COOPER, WINTLE & CO.

## Bankers.

MESSRS. ROBERTS, LUBBOCK & CO.

# NINTH REPORT

OF THE

## CORPORATION OF FOREIGN BONDHOLDERS.

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### NINTH ANNUAL REPORT.

THE accounts of the Corporation for 1881 show a favourable result on the year's operations, and, as will be seen by the Statement submitted herewith, a considerable balance on the credit side. It has been determined to draw 30 certificates to be paid off with interest.

The conversion of the old Venezuelan securities into an uniform debt which was begun in 1880, under the Convention of that year, has proceeded with great rapidity and success, and is now nearly completed. Between 98 and 99 per cent. of the whole of the old Bonds and capitalized Coupons, of which there were five different varieties, have been sent in for conversion and exchanged for new Bonds. The operation embraced the exchange of over £6,441,850 of securities, and has been entirely carried out by the staff of this office.

The Greek conversion also of the old Independence Loans has come to a termination by the expiry of the period for which it was to last. The general result has been that 97 per cent. of the securities have been converted, leaving but a trifling amount outstanding. It is remarkable that of a debt which had been in default between 50 and 60 years, and which at one time declined to an exceedingly low market value, so large a portion of the old securities should have been brought to light.

A Convention was negotiated in the course of the year with the Minister of the United States of Colombia, with the sanction of his Government, providing on equitable terms of composition for the resumption of payment on the Colombian State Securities, and for the providing of six Coupons unpaid. This Convention received the approbation of the Bondholders in public meeting; but, unfortunately the Executive Government in Bogotá abstained from taking further steps to carry it into effect, and nothing has yet come of it.

A change of that Government is imminent, and it is understood that more enlightened views are likely to prevail with the new executive authorities which will induce them to make every effort to restore the public credit of the Republic.

In the course of the past year, communications were made to the Council which led them to believe that the time had arrived when an effort might be made with some hope of success to place the relations of Turkey and her creditors on a better and sounder footing than they had been for several years. The Council had every reason to expect that they would have the hearty and cordial co-operation of the representatives of the French interests in the Turkish Debt, and they were encouraged to hope, by official communications, that the Porte itself was sincerely anxious

to come to some definite understanding with its national creditors.

The amount of the Turkish Debt, and the crippled, encumbered condition of the Turkish finances did not hold out the prospect of a very favourable settlement, but the Council were of a decided opinion—which they found was shared by the Bondholders generally and their various representative bodies—that an attempt should be made to obtain one. This step was taken after cordial and frank communications with the French holders, with whose representative deputed to come here—M. Valfrey—the Chairman and Council had very satisfactory interviews. The Right Hon. R. Bourke was accordingly requested to proceed to Constantinople to endeavour in accordance with the Porte's invitation to effect such an arrangement, in conjunction with those representing the Bondholders of the other European States. His report of his negotiations and their result, which has been extensively circulated from this office, and the proceedings which have taken place in consequence of it, are so well known and so recent that it is unnecessary to enlarge upon them. Every effort is being made to work out in the way most effective and most commodious to the Bondholders the details of the machinery by which the arrangement made by himself and his colleagues will be carried into effect, and due notice will be given of the methods of registration, &c., by which Bondholders will be able to take advantage of it. Mr. E. Vincent has been appointed under the powers of the Iradé of 8|20 December, 1881, to fill the responsible post of representing the English and Dutch sections of the Turkish Bondholders in the Council of Administration which is to sit permanently at Constantinople.

Every security and engagement which could be taken to make the arrangement solid and permanent has been sought



to be provided ; and the Council hope that the effect of its working will be both to relieve the Turkish creditors from a portion of the loss they have had to endure, and the Turkish Empire from a state of discredit, fatal to all chance of its financial recovery, fatal even to its political existence.

There have been during the past year, protracted negotiations respecting the debts of Costa Rica, for which some facility was afforded by the presence in Europe of President Guardia, the chief of the Government, armed with very extensive powers. He executed a proposed agreement respecting these debts, which was approved of by a public meeting of the 7 per Cent. Bondholders, but as to which the 6 per Cent. preferred to suspend their judgment till the Report had been obtained from the Commissioners, whom it was proposed in any event to send hence to Costa Rica to investigate the finances of the State, and to report on them, and on the probable cost of the completion of the unfinished railway, which the Government offered to transfer to the Bondholders as it stands.

The Commissioners, the chief being a gentleman of the highest reputation and station in the Accountants' branch of H.M. Indian Service, Sir George Kellner, K.C.M.G., have proceeded on their mission, and further proceedings respecting any arrangement must await the result of their Report.

A change which has recently taken place in the Executive Government and in the Legislature of Virginia has had a disastrous influence on the credit of that State. Steps have been taken by the Legislature, encouraged by the Governor, to repudiate even their most recent State engagements to the public creditors.

This is a policy so fatal to the interests and prosperity of Virginia itself that the Council cannot but believe it will .

not be a lasting one. There is a large section of the Virginian people fully alive to the disgrace of the present financial position of the State—to its influence in preventing all hope of any due development of its resources. It is proposed to take steps to vindicate and reassert the decision of the Supreme Court of the United States, which had already decided, that any State Law repudiating the previous engagements of the State could not be maintained.

A Committee has been formed representing the holders of the State Securities of Mississippi, with a view to open negotiations with the Legislature for an arrangement of the External Debt of that State, now for many years in total default. It is hoped that the reviving industry and prosperity of the Southern portion of the United States may lead ultimately to an effective desire amongst them no longer to be branded as repudiating their engagements, but to restore their public faith, now wholly discredited, to an honourable position.

Under the Convention of 1876 it was provided that during the current year the interest of the Spanish Three per Cent. Debt should be raised by  $\frac{1}{4}$  per cent., and that the question of the future rate to be paid should be considered between the Government and its External Creditors. Negotiations have been proceeding for some time with the Spanish Ministry at Madrid on this subject on the part of the Council and the General Committee of Spanish Bondholders, but nothing has as yet been formulated and proposed by the Government which the Council think at all likely to meet with the acceptance of the Bondholders, although the spirit and disposition of the Spanish Minister of Finance have been of a friendly and conciliatory character. It is hoped that some common ground for agreement may be yet found.

In accordance with the provisions of the Articles of Association, Mr. W. R. Farquhar, Sir. E. H. Scott, Bart., Mr. C. Surgey, and Mr. G. Cavendish Taylor retire from the Council by rotation, and being eligible offer themselves for re-election.

Messrs. Cooper, Wintle and Co., the retiring Auditors, also offer themselves for re-election.

E. P. BOUVERIE, *Chairman.*

HYDE CLARKE, *Secretary.*

21st February, 1882.

## APPENDIX TO REPORT.

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### ARKANSAS.

The position of the Bondholders in relation to this Debt remains as it was at the issue of the last Report.

The proposed Amendment to the Constitution, to repudiate certain State Obligations, which nearly obtained the requisite majority, and was the main issue of the elections in September, 1880, may be taken as a fair indication of existing popular opinion, so far as concerns the Railroad Bonds, the Levee Bonds, and the Holford Bonds.

It would appear that a new party has been formed who do not aspire to be termed repudiators, but who oppose the payment, or the levy of any tax for the payment, in whole or in part, of any of the Bonds mentioned.

The present does not seem, therefore, a favourable time to take any action on behalf of the Bondholders.

### AUSTRIA.

#### SOUTH AUSTRIAN (LOMBARDO-VENETIAN) RAILWAY.

The Ordinary General Meeting of Shareholders was held at Vienna on the 30th May, 1881, when the following Resolution was passed:—

"The Meeting approves the Accounts for the year 1880, "and decides that the balance to credit, amounting to "Frs. 2,121,623 47c., be carried to the Ordinary Reserve "Fund."

This addition brings the Reserve Fund up to Frs. 10,819,119 37c.

The alternative burdens demanded from the Company by the Austrian Government as equivalents for a release from Income Tax, being far in excess of that charge, the Directors felt it their duty to withdraw the request which they had made for exemption from it, and no further steps have been taken in the matter.

## BOLIVIA.

### Committee of Bolivian Bondholders.

A. W. Ray, Esq., *Chairman*.  
 Thos. Cave, Esq., *Deputy Chairman*.  
 Right Hon. E. Pleydell-  
   Bouverie, *Ex-officio*.  
 H. C. Batchelor, Esq.  
 Fras. Bennoch, Esq.  
 Lionel N. Bonar, Esq.

John Coxhead, Esq.  
 R. Reader Harris, Esq.  
 H. E. Ormerod, Esq.  
 H. E. Trewhella, Esq., M.D.

*Secretary.*

Hyde Clarke, Esq.

The distribution in 1880, under an Order of the Court, of the sum of £45 per cent. to the holders of Bolivian bonds, was supplemented, in August last, by a further payment of £2 6s. per cent.

This amount of £47 6s. represents the salvage recovered, after costly protracted litigation, by the Council and the Committee for the benefit of the Bondholders, from the

money subscribed for the construction of the Madeira and Mamoré Railway, upon representations which failed in fulfilment.

With the exception of a small balance remaining to be paid on Bonds still to be presented, and a sum of £1,945 for costs not yet ascertained, the division of the fund may be said to have closed.

## COLOMBIA, UNITED STATES OF (NEW GRANADA).

### Colombian Committee.

The Right Hon. E. Pleydell-

Bouverie, *Chairman.*

L. R. Lack, Esq.

A. Northen, Esq.

Christopher Rowlands, Esq.

E. Wright, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Bankers for the 4 $\frac{3}{4}$ % Loan.*

London and County Bank.

*Agent at Bogotá.*

Charles O'Leary, Esq., H.M.'s  
V.-Consul.

*Acting.*

A. M. O'Leary, Esq., H.M.'s  
Acting V.-Consul.

The 4 $\frac{3}{4}$  per cent. Debt has been in default since the partial payment of 22s. of the 23s. 9d. per cent. due, on the 26th Coupon (payable 1st of October, 1879), which was made on the 15th December, 1880.

There were therefore to the 1st of January, 1882, inclusive, nine Coupons due and payable, besides the balance of 1s. 9d. due on Coupon No. 26, and there is, besides, one Coupon due, but not payable until the 1st of April next.

It is to be regretted, that no serious effort has been made by the Government of Colombia to restore its credit in

Europe, and the more so because that credit has stood high in comparison with that of other neighbouring Republics.

Don Carlos Holguin, the representative of the Republic at the Court of Saint James, made a proposition on behalf of his Government, which resulted in a provisional agreement being signed by him upon their part, and by the Chairman of the Council on the part of the Bondholders, on the 3rd of March, 1881, by which the Coupons then in arrear were to be funded into a new 5 per cent. Stock, and the future service of the Debt provided for. This agreement (a copy of which is subjoined) was submitted to a General Meeting of Bondholders on the 17th March, 1881, and was accepted by them, subject to its ratification by the Colombian Executive.

The Government, however, did not even present it to Congress for approval, and it consequently has become merely a further record of a financial policy, in which, bad faith is the most prominent feature.

More recently the Colombian Minister in England put forward another proposition on behalf of his Government for a settlement of the arrears, on the basis of the conversion of 12 Coupons into warrants payable in Colombian coin from 5 per cent. of the Customs, and the resumption of the service of the Debt from July, 1882, upon the footing of the Convention of 1873, which his Government could scarcely have seriously supposed, would have been accepted.

The Committee, accordingly, did not hesitate to decline the proposal.

For the current financial year the Customs revenues are estimated to yield between \$4,250,000 and \$4,500,000, while it is anticipated they will reach \$6,000,000 in 1883.

Should this estimate prove to be correct, the following stipulation contained in Article 1 of the Convention of

1873, which was legalised by Act of Congress on the 31st March of that year, will enable the Bondholders to claim 5 per cent. interest.

“The Executive power shall apply to the next Congress for an augmentation to 5 per cent. annual interest, . . . whenever the Customs revenue exceeds \$3,000,000 per annum.”

It is satisfactory to report that Don Francisco J. Zaldua, the President elect, who enters upon office on the 1st of April next, has a high reputation for statesmanlike integrity, and it is hoped that, under his administration, the fiscal policy of his predecessor will not be pursued.

In the last Report, allusion was made to a loan of \$3,000,000 obtained from the Panama Railroad Company, in redemption for thirty years of the annual subsidy of \$250,000 payable by them to the Government. The Council caused notices to be served on the Company claiming the annual sum of \$250,000 on behalf of the Bondholders, under the Convention of 1873, and the agent of the Bondholders at Bogotá protested, on their part, against the action of the Government in the matter.

Early in April, the Panama Railroad Company authorised Messrs. Morton, Rose and Co., of London, to issue on their behalf \$1,500,000, part of \$3,000,000 “Six per Cent. Sinking Fund Subsidy Bonds,” secured on the subsidy thus payable to the Colombian Government, and virtually a first charge on the earnings of the railway.

The Council informed Messrs. Morton, Rose and Co. of the position of the Bondholders with regard to this subsidy under the Convention of 1873, and the policy of opposing a quotation of the Bonds upon the London Stock Exchange was carefully considered.

It was finally decided, that having placed the claims of the Bondholders of the  $4\frac{3}{4}$  per cent. Debt upon record



their interests would not be advanced by opposing the quotation of the above Panama Railroad Bonds.

The sale of the railroad, with privileges attached, to the Universal Inter-Oceanic Canal Company, *i.e.*, Panama Canal Company, was notified in the middle of the year; the purchase money,  $17\frac{1}{2}$  millions of dollars, being payable within five years from 1st July, 1881.

The development of the internal resources of the country has been aided by the peace, which has continued to prevail throughout the Colombian territory. The railway lines in progress are reported to have been carried to completion in the States of Antioquia and Cauca, and that between the Bay of Buenaventura and the Port of Cordova is nearly finished. A railroad is projected from Bogotá to the Magdalena, and also one through the town of Honda, to avoid the falls of the river.

#### EXTERNAL DEBT OF THE UNITED STATES OF COLOMBIA.

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ARTICLES OF AGREEMENT, entered into between HIS EXCELLENCY SEÑOR DON CARLOS HOLGUIN, Minister-Plenipotentiary of the United States of Colombia at the Court of St. James in London, on behalf and in the name of the Government of the said State, of the one part, and THE COUNCIL OF FOREIGN BONDHOLDERS, by The Right Honourable EDWARD PLEYDELL BOUVERIE, the Chairman of such Council, on behalf and as representing the holders of the outstanding Bonds of the External Debt of the United States of Colombia (Issue of 1873), of the other part.

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#### I.—*Provisions for Resumption of Payments under the Convention of January 1st, 1873.*

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ART. 1. In order to put an end to the existing default the Government shall resume on and from the 1st of March, 1881, the fixed monthly payments of £10,000 sterling in gold or its equivalent (to

be augmented whenever the Customs duties exceed \$3,000,000), to the Bondholders' Agent at Bogota, in terms of the Convention of January 1st, 1873, and shall thenceforward punctually fulfil all the provisions of that Convention.

ART. 2. The Balance (amounting to £1,679 18s. 3d.) owing on the 26th Coupon for Interest on the Bonds of the said Issue of 1873, payable on the 1st of October, 1879, shall be paid in Cash in London forthwith on ratification of this Agreement under Article 25.

ART. 3. The 27th to 32nd Coupons for Interest on the said Bonds, payable the 1st of January, 1880 to the 1st of April, 1881 inclusive, shall be funded as hereinafter provided.

ART. 4. The 33rd Coupon for Interest on the said Bonds, payable on the 1st of July, 1881, and the subsequent Coupons as they mature, shall be punctually paid in Cash in London, in terms of the Convention of January 1st, 1873.

ART. 5. The Drawings of Bonds stipulated for under the said Convention of January 1st, 1873, having been only held when funds were in hand in London for payment of the drawn Bonds, seven quarterly Drawings, representing £47,000 or thereabouts, will be in arrear on the 1st of April, 1881. Such Drawings shall be waived; but (the requisite funds being in hand) subsequent quarterly Drawings shall be regularly made in accordance with the terms of the said Convention, in June, September, December and March in each year, commencing in June, 1881, and drawn Bonds shall be paid on the 1st of July, the 1st of October, the 1st of January and the 1st of April next following the Drawing.

ART. 6. In addition to the fixed monthly payments mentioned in Article 1, the Government shall provide and pay in London before the 15th of June, 1881, the sum of £30,000 in Cash, in order to provide for the punctual payment of Coupons and drawn Bonds on the 1st of July, 1881, as stipulated by Articles 4 and 5, and also before the 15th of September, 1881, such further sum in Cash, if any, as with the matured remittances from the monthly payments under Article 1 shall be required to make up the sum of £30,000 Cash at least, available in London for payment of Coupons and drawn Bonds on the 1st of October, 1881, and so that all subsequent payments of Coupons and drawn Bonds may be punctually made in full in London on the dates fixed.

ART. 7. After providing for the current Coupon on such Bonds as may be remaining outstanding from time to time, any surplus of Cash which may be in hand from the fixed monthly payments mentioned in Article 1, shall be applied without deduction to the quarterly Drawings stipulated for in Article 5.

II.—*Provisions for Funding the 27th to 32nd Coupons on the Bonds of the Issue of 1873, and for the issue of New Bonds.*

ART. 8. The Government shall forthwith create New External Bonds of the State for £137,000, in 1,370 Bonds of £100 each, bearing Interest at 5 per cent. per annum, and redeemable and to be issued as hereinafter provided.

ART. 9. Such New Bonds shall be dated the 1st of April, 1881, and shall be in such form as shall be approved by the Council ; shall be duly signed on behalf of the State ; shall before issue be countersigned on behalf of the Council ; and shall have Interest Coupons attached, payable in London half-yearly, on the 1st of October and 1st of April in each year, the first Coupon being payable on the 1st of October, 1881.

ART. 10. So long as any part of the said New Bonds issued under this Agreement shall remain outstanding, the Government shall on the first day of each month, commencing on the 1st of March, 1881, pay to the Agent of the Bondholders in Barranquilla the fixed monthly sum of £848 8s. 4d. sterling in gold or its equivalent (namely, £827 14s. 2d. per month for the service of such Bonds, and £20 14s. 2d. per month for expenses of agency, remittance and payment,) and such monthly payments shall be forthwith transmitted to the Agent of the Bondholders in London, and the said sum of £827 14s. 2d. per month shall be applied as follows :—

- 1st. In payment of the Interest Coupons as they fall due on such of the New Bonds issued under this Agreement as shall for the time being remain outstanding.
- 2nd. The whole Balance, after payment of such Interest, in redemption of the Principal of such New Bonds by half-yearly Drawings at par, in the months of September and March in each year, commencing in September, 1881. Such Drawings of Bonds to be publicly made in London in the

presence of a Notary, and the drawn Bonds to be paid on the 1st of October and 1st of April next following the Drawing. All Bonds so redeemed shall be cancelled and handed to the State on demand.

ART. 11. The Agents of the Bondholders in Barranquilla and London respectively shall be appointed and shall be removable by the Bondholders, and shall act exclusively as their Agents for the purposes of this Agreement, and the responsibility of the State shall cease on payment of the fixed monthly instalments at Barranquilla.

ART. 12. The fixed monthly payments under Article 10 shall always be paid in full without any deduction whatever, and no tax or imposition of any kind shall at any time be levied or charged by the State thereon. Any matured and unpaid Coupons on the New Bonds shall be received at all times by the State at their par value in payment of any taxes or other national revenue, any amount so paid being deducted from the next monthly payments to be made under Article 10.

ART. 13. In addition to the fixed monthly payments mentioned in Article 10, the Government shall provide and pay in London before the 15th of September, 1881, the sum of £5,090 10s. in Cash, in order to provide for the punctual payment of Coupons and drawn Bonds on the 1st of October, 1881, as stipulated by that Article, and so that all subsequent payments of Coupons and drawn Bonds may be punctually made in London on the dates fixed.

ART. 14. The Government hereby solemnly pledges and hypothecates the Customs duties and receipts of the State at the Custom-house at Barranquilla, or such other Custom-house as shall at any time be substituted for that at Barranquilla, as security for the due and punctual payment of the monthly sums stipulated for by Article 10.

ART. 15. The New Bonds for £137,000 duly signed on behalf of the State shall be handed to the Council before the commencement of the conversion of Coupons under the following Articles, and not later than the 30th of June, 1881.

ART. 16. The said New Bonds shall be issued by the Council in exchange for such of the six Interest Coupons on the said External Bonds (issae of 1873), Nos. 27 to 32, and payable on the 1st of January, 1880, to the 1st of April, 1881, both inclusive, at par, as shall be presented for exchange on or before the 30th of June, 1883 ;

but prior to the delivery out of any New Bonds, all Interest Coupons thereon which may have matured previously to the date of the presentation of the corresponding coupons for conversion shall be detached and cancelled, the amount thereof augmenting the next drawing under Article 10.

ART. 17. Where requisite on the presentation for conversion of Coupons in other than multiples of £100, Certificates for fractions of New Bonds shall be issued on condition of their exchange in requisite amounts for complete Bonds before the 31st of December, 1883, after which date any balance of Bonds then in hand against still outstanding Fractional Certificates shall be sold, and any balance of Cash not claimed by Certificate-holders before the 1st of September, 1884, shall be applied in augmentation of the amount of the Drawing of Bonds to be held in that month under Article 10.

ART. 18. The Council is authorized to make any regulations deemed expedient for carrying the conversion under this Agreement into effect, and by public advertisement to extend the date fixed by Article 16 for close of the conversion, or any of the dates fixed by Article 17, if the commencement of the conversion shall be delayed for more than one month beyond the 30th of June, 1881, but not so as to extend the period of the continuance of the conversion.

ART. 19. Any Balance of New Bonds in hands of the Council after the 30th of June, 1883, and not required for exchange against Coupons previously lodged for conversion, shall be cancelled and delivered back to the Government, but no reduction shall be claimable by the State in respect of any Bonds so cancelled, or of any Coupons cancelled under Article 16, in the amount of the fixed monthly payments stipulated for by Article 10, which payments shall always continue to be made in full until the total redemption of the whole of the New Bonds issued under this Agreement is effected.

ART. 20. On default in payment of any two Coupons on the New Bonds when the same shall fall due, the whole Principal of such Bonds shall become at once payable in full, and the Bondholders shall be entitled to all the rights of holders of unpaid Coupons given by Article 15 of the Convention of January 1st, 1873, on any such default as therein mentioned.

### III.—*General Provisions.*

ART. 21. The Minister or Fiscal Agent for the time being of the

State in London shall represent, and is authorised to act in the name of the State, for all purposes of this Agreement.

ART. 22. All acts required or authorized to be done by the Bondholders under this Agreement may be performed by Resolution of a General Meeting of the Bondholders publicly convened by the Council, or by requisition of Bondholders, and held in London, or may be performed by the Council on behalf of the Bondholders under authority of any general or other resolution of any General Meeting of Bondholders.

ART. 23. Provision for all expenses and charges of every kind in connection with this arrangement (including in respect of the services of the Council such contribution towards its public objects as may be agreed between the Government and the Council) shall be made (so far as these can be ascertained or anticipated) before commencement of the conversion.

ART. 24. The Convention of January 1st, 1873, shall continue in force and is hereby confirmed in every respect, subject to this Agreement.

ART. 25. This Agreement is subject to ratification by the Bondholders in General Meeting, to be convened by the Council, and held in London within 21 days from the present date, and also to any ratification, either by the Executive power of the State or the National Congress, which may be requisite to give it full and binding validity on the part of the State.

LONDON, the 3rd day of March, 1881.

FOR THE GOVERNMENT OF THE UNITED STATES OF COLOMBIA,

CARLOS HOLGUIN,

*Minister Plenipotentiary at the Court of St. James.*

FOR THE COUNCIL OF FOREIGN BONDHOLDERS,

E. P. BOUVERIE,

*Chairman.*

## COSTA RICA.

## Seven per Cent. Costa Rica Committee.

A. G. Sandeman, Esq., *Chairman*.

The Right Hon. E. Pleydell-Bouverie, *Ex-officio*.

G. Barham, Esq.

Francis Bennoch, Esq.

E. Lennox Boyd, Esq.,

F.R.G.S., F.S.A.

U. R. Burke, Esq.

T. Cave, Esq.

James Cooper, Esq.

T. Dowling, Esq.

W. E. Duncan, Esq.

Roger Eykyn, Esq.

W. Godfrey, Esq.

R. Grant, Esq.

G. de G. Griffith, Esq., M.D.

Wm. Griffith, Esq., B.A.

G. D. Harris, Esq.

L. Harrison, Esq.

W. J. Harvey, Esq.

J. Cooke Harker, Esq.

T. P. Hearne, Esq.

Geo. Herring, Esq.

T. Hobday, Esq.

Saul Isaac, Esq.

G. A. King, Esq.

J. M. Louis, Esq.

J. F. Lovering, Esq.

H. Price, Esq.

A. W. Ray, Esq.

Thomas Sidney, Esq., Alderman.

H. Skynner, Esq.

C. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.

## Seven per Cent. Costa Rica Sub-Committee.

The Right Hon. E. Pleydell-Bouverie, *Ex-officio*.

G. Barham, Esq.

F. Bennoch, Esq.

U. R. Burke, Esq.

T. Cave, Esq.

W. Godfrey, Esq.

L. Harrison, Esq.

G. Herring, Esq.

S. Isaac, Esq.

J. F. Lovering, Esq.

A. W. Ray, Esq.

C. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.



## Six per Cent. Costa Rica Committee.

G. T. Rait, Esq., *Chairman*.  
 The Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 J. Cowan, Esq.  
 F. Freeman, Esq.  
 N. Levy, Esq.

J. Proctor, Esq.  
 H. Staples, Esq.

*Secretary.*

Hyde Clarke, Esq.

## Joint Sub-Committee of Conference.

A. G. Sandeman, Esq.,  
*Chairman*.  
 The Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 G. Barham, Esq.  
 F. Bennoch, Esq.  
 T. Cave, Esq.  
 F. Freeman, Esq.  
 L. Harrison, Esq.

G. Herring, Esq.  
 Saul Isaac, Esq.  
 G. T. Rait, Esq.  
 A. W. Ray, Esq.  
 H. Staples, Esq.  
 C. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.

The last Report of the Council stated that serious negotiations were then in progress for a settlement of the Debt, but that owing to the distance of the State and other reasons they were unavoidably protracted.

In the month of July, His Excellency General Don Tomas Guardia, the President of the Republic of Costa Rica, arrived in Europe. He was entrusted with full powers by his Government to make an Arrangement of the External Debt of his country, and to enter into such financial engagements as would ensure the completion of the railway from the Port of Limon to the uplands of Cartago and San José.



He lost little time in communicating with the Council and the representatives of the Bondholders in London, with reference to the objects of his mission to Europe, and he came himself to this country for a brief period to explain his views personally.

He expressed a sincere desire to make as satisfactory a settlement of the Debt as the resources of Costa Rica permitted, and at the same time he gave a detail of what those resources might become by development, showing that the present limited financial capacity of the country was due to causes which he hoped to be the means of removing.

Mr. Minor C. Keith, the American contractor for the construction of the twenty-nine miles of the Railway remaining to be made between the Rio Sucio and San José, came also to England; and he gave much valuable information on the condition of the various sections of the Railway already in operation, together with the difficulties to be met in that portion yet to be completed.

After much investigation and discussion, and many tentative proposals, the President, in November, presented a preliminary convention, duly signed by himself, for a settlement of the Debt, for the consideration of the two committees of Bondholders. This proposition was discussed and amended by a Sub-Committee composed of members of the 6 and 7 per Cent. Committees, and it was finally agreed to submit it to the Bondholders of each Loan, assembled in separate General Meeting, for approval.

This agreement, as it was presented to the meetings, is subjoined *in extenso*.

The meetings took place on the 5th of December, and at that held by the 7 per Cent. Bondholders the following resolution was passed:—

“That this meeting ratifies the preliminary Agreement of ‘the 12th November, 1881,’ for the conversion and settle-

“ment of the 6 per Cent. and 7 per Cent. External Debts of the Republic of Costa Rica, but so that in lieu of the rates of conversion provided for in Article 6 (*a.* and *b.*), a corresponding uniform rate of £128½ per Cent. New 3 per Cent. Bonds, for each £100 of 6 per Cent. and 7 per Cent. Bonds with their respective arrears, be substituted with out thereby increasing the liability of the Government.”

The proposition offered was less favourably received by the meeting of the 6 per Cent. Bondholders, which met subsequently on the same day. They were recommended by leading members of their Committee not to accept it, unless their priority of claim were acknowledged, and not until certain Commissioners who were to proceed to Costa Rica had made their report upon the state of the Railway and the condition of the country. The meeting formulated their view of the position of their Debt in the following resolution, which was passed:—

“That the acceptance of the terms by the Bondholders be left open until after having the Report of the proposed Commissioners.”

Costa Rica appears to share in the increasing prosperity which marks the condition of Central America. The seventy miles of railway completed from Port Limon to Rio Sucio have reached the centre of the coffee-growing districts, and in June last the Executive sanctioned the construction of a waggon-road from the Sucio to San José, and the grant of lands abutting this highway, with free title to natives and emigrants, on condition of their cultivation.

The smaller lines to Cartago and Alajuela, on either side of San José, each thirteen miles in length, are of considerable local importance, and there is also a line of about the same extent from Puente Arenas, on the Pacific, to the River Barranca and Esparza.

It would appear that a considerable part of the surplus national revenue has been annually expended for some years past on railroad construction, and the completion of the railroad seems to be considered alike by the Government and the people as the most important object of the national policy.

*(Translated from the Spanish Language.)*

[TRANSLATION.]

PRELIMINARY AGREEMENT, in consideration of the projected arrangement of the External Debt of the Republic of Costa Rica, made between the MOST EXCELLENT SEÑOR GENERAL DN. TOMAS GUARDIA, President, Attorney, Agent and Representative of the Republic, at the present time residing in Madrid, in name of his Government, on the one part, and THE COUNCIL OF FOREIGN BONDHOLDERS, represented by the Right Honourable EDWARD PLEYDELL BOUVERIE, Chairman thereof, in name and representation of the holders of Bonds of the External Debt of the said Republic, composed of the Six per Cent. Loan of 1871 (First and Second Issue), and of the Seven per Cent. Loan of 1872, on the other part.

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It is proposed (subject to the approval of a General Meeting of the Holders of Costa Rica Bonds):—

1. That the Council of Foreign Bondholders, in name and on behalf of the Holders of Costa Rica Bonds, or some of them, will send to the Republic one or more Commissioners (such Commissioner or one of such Commissioners is to be an Engineer competent to calculate the cost of construction of Railways), for the purpose of examining and giving report upon the Railways that exist in the Republic, and which form part, or may hereafter form part, of the system of railways between the Capital, San José, and the “Puerto de Limon,” upon the Atlantic, that is to say:—

(a) To examine and give reports upon the condition of the lines

- already constructed and the cost and approximate time that the construction and equipment of the portion of the Railway which runs between the Rio Sucio and the lines already constructed in the vicinity of the Capital, may require. And
- (b) To examine and report upon the revenue which the Railway lines already constructed now yield and may hereafter yield.
  - (c) Also upon the revenue which the railway between "Limon" and "San José" will probably produce when it is finished.
  - (d) Also upon the amount per cent. of the expenses of working and maintenance in comparison with the proceeds of the existing traffic.
  - (e) Also upon the probable percentage of the costs of working and maintenance in comparison with the probable proceeds of the traffic of the line when it is finished as above mentioned.
  - (f) And also upon the amount of the ordinary and extraordinary revenues of the Republic and of the surplus revenues thereof, after payment of the costs of the Executive Government and administration, the net revenue in fine applicable to the service of the External Debt of the Republic. Lastly upon the Debts of the Government in favour of the Contractors for the Railways existing and of other Creditors within the Republic and the probable mode of paying such Debts.

2. His Excellency the President engages on behalf of his Government to pay to the Council of Foreign Bondholders the total cost of the expenses occasioned by sending the aforesaid Commission to Costa Rica, and in obtaining the Reports that may be required and further accessory expenses, the cost whereof shall not exceed £            in its total, of which sum the President will order to be paid by the Government to the Council the sum of £            before sending to Costa Rica the said Commission, and the remainder on the application of the Council immediately after the return of the Commission.

3. In case of the Council of Foreign Bondholders, with or without a Resolution of a Public Meeting of Bondholders (which the Council reserves to itself the right to convoke with the object of deliberating upon it, and of adopting or rejecting such Resolution), being sufficiently satisfied with the Report of the Commissioner or Commis-

sioners who may be sent to Costa Rica, to desire to proceed with the present projected arrangement, it will have the right to declare by Resolution of the Council, or under the signature of the Chairman thereof at that date, that the bases of arrangement contained in the Supplement which is annexed to the present Document of Preliminary Agreement, and signed by His Excellency the President, and by Mr. Bouverie as Chairman of the Council, and every clause, matter and thing that is therein expressed shall be and remain immediately obligatory on all the parties, authorities and persons interested, in order that it may have immediate effect.

Given at Madrid the 12th day of November, 1881.

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# SUPPLEMENT TO WHICH REFERENCE IS MADE ABOVE.

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## *Bases of a project for the arrangement of the Debt of Costa Rica.*

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NOTE.—Neither the Council of Foreign Bondholders nor the Holders of Bonds of Costa Rica, nor either of them, have nor shall be deemed to have any responsibility with reference to the following project with the exception that they will employ their best efforts in order to give full effect thereto.

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ART. 1. There shall be established an English Company with limited liability, with a Capital in ordinary shares that shall not exceed £1,200,000.

The Government shall hand over, transfer, and grant to the said Company as its absolute property—

- (a) The Costa Rica Railway Lines—
  - from Limon to Rio Sucio, 70 English miles, more or less.
  - „ San José to Alajuela, 13 „ „
  - „ „ to Cartago, 13 „ „
  - with all the fixed and rolling stock, materials, lands, and buildings that may appertain to them.

- (b) All the telegraph lines belonging to the railways of the Company, with all their utensils, materials, stations, etc.
- (c) The Lands, Lots Nos. in the Puerto de Limon which it is proposed to destine for the construction of Buildings and Quays.
- (d) All the lands belonging to the Government at the side of the lines of Railway mentioned in (a), and at the side of the line of Railway which is to be constructed from Rio Sucio as far as San José, within ten miles at each side of the Railway. Such lands shall be chosen by the Company, and shall not be below five hundred thousand, nor exceed eight hundred thousand English acres, with all the minerals, mines, and timber free from all cost. These lands shall be exclusively managed by the Company, under an arrangement similar to that made between the Suez Canal Company and the Egyptian Government, it being understood that a moiety of the profits which the said Company may obtain from the working of these lands, with their minerals, forests, etc., belongs and shall be paid to the Government. These lands shall be free from all Costa Rican taxes and duties of every class for the term of twenty years. This term having expired, the lands cultivated or otherwise utilised shall not be subject to greater imposts than those that the most favoured native owners of analogous lands may pay.

The lands not made use of shall continue to be free.

ART. 2. The new Company shall raise a sufficient Capital in Bonds or otherwise, upon the guarantee of its property, for the payment of all the price of the Contract (a Contract which shall be drawn up and approved by the Council) for the construction of the Section between Rio Sucio and San José of 29 English miles, more or less, for the construction of an Iron Pier in Puerto Limon, for the equipment of the line, for the maintenance of the whole line during construction, and to repay all expenses occasioned in the formation of the Company and incidental thereto, and for despatching every mission or missions to Costa Rica in order to obtain reports. The Government will afford all the facilities that may be in its power for the said construction ; it will give all the land necessary for the construction free of all cost

and will allow the use of all the natural resources of the country free from all cost, and all the materials for the Railway, and the provisions, clothes, &c., for the workmen shall be imported free from every class of duties or imposts.

ART. 3. The Company shall have the free administration and management of the Railway during its construction and after its completion, and it shall be exempt during the term of the Concession (which shall be for ninety-nine years to be reckoned from the completion of the line) from every class of impost on the part of the Government, and shall also enjoy full and absolute liberty with reference to the freights and fares which it shall collect for the transport of merchandise and passengers. For the transport of merchandise or troops of the Government a special arrangement shall be made when once the general prices have been fixed, which the Company will have the right to collect. The territory that the Railway may occupy shall be considered as neutral, under the exclusive guarantee and protection of the Government of Costa Rica.

ART. 4. The Company will obtain the preference for every concession for the extension of the Railway Lines to the Pacific, or otherwise, of all the Railways in its possession during the whole time of the concession, but this right does not impose any obligation on the part of the Company to continue the prolongation of its lines.

ART. 5. In consideration of the Concessions, Assignments, and Privileges above mentioned, the Holders of Bonds of the Six per Cent. Loan of 1871 and those of the Seven per Cent. of 1872 shall engage to make certain reductions in their Credits under their respective Bonds, as will be mentioned below.

ART. 6. The Government will create new consolidated Three per Cent. Bonds, and which shall not exceed £3,350,000 sterling, to cover—

- (a) The conversion of the Bonds existing in circulation of the Six per Cent., with all interest in arrear up to the 1st of November, 1882, inclusive, but calculated at the rate of 3 per cent. per annum, making £125 10s.\* in new Bonds of Three per Cent. for every old Six per Cent.

\* The united Committees of the Six per Cent. and Seven per Cent. Bondholders have decided by a majority to insert £128 10s. instead of these figures agreed to by President Guardia.



Bond of £100, with interest in arrear of the same. The Bonds drawn but not paid shall be considered as not drawn.

- (b) The conversion of the existing Bonds in circulation of the Seven per Cent., with all the interest in arrear up to the 1st of October, 1882, inclusive but calculated at the rate of  $3\frac{1}{2}$  per Cent. per annum, making £131 10s.\* in New Bonds of Three per Cent. for each Old Bond of the Seven per Cent. of £100, with the interest in arrear thereon. The Bonds drawn but not paid shall be considered as not drawn.
- (c) The expenses and commissions incurred and to be incurred in the conversion of the Old Bonds, the remuneration of the Committees, of the Board that will be established for the supervision of the conversion, and of the Depositaries (Trustees) in whose names the deposit of the Old Bonds may be made in the Bank of England.
- (d) The cancellation, by means of £                      in New Bonds, of certain claims against the Government for money advanced, and interest due thereon upon the Old Bonds pledged (and which are not in circulation) and the deposit of such pledged Bonds in the name of the Depositaries (Trustees) in the Bank of England.

ART. 7. There shall be established a Board of five individuals (the quorum or competent number to deliberate shall be formed with three), three of whom shall be appointed by the Bondholders and two by the Government, for the supervision of the conversion of the old debt and the issue of the new securities. The Board shall be able to form the necessary regulation for the discharge of its functions and duties, as also to arrange and decide upon every question that may arise during the conversion, and that may not be in any manner incompatible with this arrangement.

ART. 8. The form of the New Three per Cent. Bonds which have to be created shall be subject to the approval of the Board. The old guarantees shall be maintained so far as may be practicable, such as the hypothec of the Customs Revenues and the proceeds of the duties and imposts upon Tobacco and Liquors ; and in place of the hypothec of the Railway (which will

\* See Note, page 30.



be cancelled by means of the concession of the Railway to the before-mentioned Company) the part reserved for the Government of the net Revenue of the Railway shall be hypothecated to the service of the New Three per Cent. Bonds. The New Bonds shall be for ever exempt from every national, local, or governmental tax. The New Bonds shall be signed by the Agent of the Government duly appointed for the purpose before commencing the conversion, and they shall be sealed with the seal of the Board or otherwise authenticated by the Board before being issued.

ART. 9. The two first half-yearly Coupons of the New Bonds shall be paid at the rate of 2 per cent. per annum, and all the subsequent ones at the rate of 3 per cent. per annum. Supposing that the first coupon shall become due on the 1st of July, 1883, there would be need of the following sums, that is to say :—On the 1st of July, 1883, £33,500 ; on the 1st of January, 1884, £33,500 ; on the 1st of July, 1884, £50,250 ; on the 1st of January, 1885, £50,250 ; and a like sum every following half-year. The Government shall pay on the 1st day of each month, commencing on the 1st of May, 1882, to the Agent of the Costa Rica Bondholders for the first twelve months, the sum of £4,187 10s. sterling in gold or their equivalent, together with 2½ per cent., or £        sterling in gold, for expenses of Agency remittance, Banking Commission upon payments, etc. ; these sums will be increased in the following twelve months, commencing on the 1st of May, 1883, to £6,281 5s., and £        sterling in gold, respectively every month, and on the 1st day of May, 1884, and the first day of each following month, £8,375 and £        sterling in gold respectively every month. These sums when they are remitted in the customary form of Drafts at ninety days' sight, will become due with the necessary anticipation, in order to be able to meet the aforesaid Coupons. The remittance of these Funds to London will nevertheless not commence until the contract has been signed by the Company (to which reference is hereinafter made) with a Contractor for the completion of the line between San José and Rio Sucio. When the exact sum has been ascertained of the New Three per Cent. Bonds which will be issued in conformity with Article 6, the monthly payments above mentioned will be reduced in proportion, the said reduction having to be certified under the signature of the Chairman of the Council of Foreign Bondholders.

ART. 10. The conversion of the Old Bonds shall not be commenced

until after the celebration of the before-mentioned Contract, and such conversion shall remain open during eighteen months, to be reckoned from the date whereon it commences ; but all Coupons of the New Bonds that may have become due, at the time of depositing the Old Bonds for their conversion, shall become forfeit in favour of an Amortization Fund, which shall be applied to the purchase of the New Bonds in the Market, until the New Amortization Fund be established for the drawings at par (see Article 13).

ART. 11. As an additional guarantee for the Bondholders, the Old Bonds when once converted, as also the Old Pledged Bonds, shall be deposited in the Bank of England in the name of two Depositaries (Trustees) for a term of seven years, the which having run out, and if the Government should not have made default in its payments or in any other condition of the arrangement, they shall be cancelled and delivered to the Government when it may so request. In case that, during these seven years, the Government should come to fail in the payment of any of these two coupons, the entire interest of the Old Bonds shall be renewed at the rate of 6 and 7 per cent. respectively, and the New Three per Cent. Bonds shall be able to be exchanged by the Depositaries (Trustees) when it may be so asked, and at the cost of the Bondholders, at the rates mentioned as the rate of conversion which Article 6 expresses.

ART. 12. The holders of the Old Six and Seven per Cent. Bonds shall have, during the period of one month after the opening of the subscription, the right to a Preferential distribution of the New Capital (which the Company will raise) up to 50 per cent. of the nominal amount of the Six and Seven per Cent. Bonds, of which they may be holders until the amount that shall be required is subscribed, and they shall have the right to receive a bonus not exceeding per cent. of their subscription in Ordinary fully paid up Shares of the Railway Company above mentioned. After this term the Company shall have liberty to dispose of its Ordinary Shares not appropriated in such manner as it shall deem fitting. The distribution shall be made in all cases in the order of the dates of subscription, until the sum that may be required has been subscribed.

ART. 13. After having made provision for the accumulative service of the New Capital (and which will be raised by the Company as aforesaid), the Government shall have the right to one third part of

the net surplus revenue of the Railway. This participation by the Government in the net proceeds of the Railway shall be applied during the first ten years, from the date that the New Three per Cent. Bonds bear, in reduction of the sum paid by the Government for the service of the said Bonds that shall first succeed after such surplus has been declared. On the expiration of the said ten years, this surplus portion shall be applied in the first place to the formation of an Amortization Fund for drawings at par until the maximum sum of one per cent., accumulative upon the sum which the New Consolidated Three per Cent. Bonds then existing, represent, and the temporary Amortization Fund, to which the Article 10 refers, that may exist at that date, shall be added to and included in the said Amortization Fund.

ART. 14. The members of the Board, appointed by the Government (to which Article 7 refers), shall represent the Government until the dissolution of the Board on the conversion being concluded, and afterwards he who shall be the representative of the Government in London shall represent it.

ART. 15. All the acts that may be necessary to be performed by the Bondholders shall be considered as valid, if they be performed in accordance with a resolution of a Public Meeting that might be called by the Council of Foreign Bondholders in London, and in the way that such Council may determine.

ART. 16. The mode of carrying into effect the terms of this Agreement is governed by the terms of the Agreement that bears this very date, and of which it forms an integral part, and the Government engages to obtain the ratification of the Great Council, or in some other way that it may consider necessary for its perfect legality.

Given at Madrid, on the 12th day of November, 1881.

T. GUARDIA.

The undersigned Envoy Extraordinary and Minister Plenipotentiary of the Republic of Costa Rica in Spain, etc., etc.,

Certifies that the Signature which precedes and says T. Guardia, has been put in my presence, and is the same that the Most Excellent

Señor General Don Tomas Guardia, President of the Republic of Costa Rica, uses and is accustomed to use.



MADRID, 15th of November, 1881,

MANUEL M. DE PERALTA.



Signed before me,

WM. McPHERSON,

*H.M.'s Vice-Consul.*

I, WILLIAM GRAIN, of the City of London, Notary Public, duly admitted and sworn, do hereby certify the foregoing to be a true and faithful translation by me made into the English language of a certain Document in the Spanish language, unto me produced by the COUNCIL OF FOREIGN BONDHOLDERS, and of which said Document the foregoing purports to contain a translation. IN WITNESS whereof I have hereunto set my hand and Seal of Office at London, this Twenty-sixth day of November, One thousand eight hundred and eighty-one.

W. GRAIN,

*Not. Pub.*



Translation.

MADRID, 14th November, 1881.

THE RIGHT HON. E. P. BOUVERIE.

MY DEAR SIR,

I desire that the Preliminary Convention signed by me to-day, may be carried out on the terms most satisfactory and favourable for both contracting parties.

I believe, then, that it would be well to stipulate that the Government shall not begin to effect its payments until six months after the period fixed in the Convention. If this prorogation be obtained, a thing which it may be permitted to hope in regard of the great sacrifices and concessions made by the Government, the latter will be disposed to recognize, and I accept, the increase of Capital fixed in the Convention, with the capitalization of the half of the interests borne by the Debt, during the said prorogation, if such increase should not be comprised within the amount of £3,350,000.

I am, with every consideration,

Your obedient Servant,

T. GUARDIA.

## ECUADOR.

## Ecuadorian Committee.

Rt. Hon. E. Pleydell-Bouverie,

*Ex-officio.*

F. Bennoch, Esq.

L. N. Bonar, Esq.

E. Haslewood, Esq.

Admiral of the Fleet, Sir

Provo Wallis, G.C.B.

Ed. Wright, Esq.

*Secretary.*

H. Schirges, Esq.

The Council and the Committee were informed in the month of May. that certain holders of bonds of the Ecua-

dorian Debt to a very large amount were desirous of sending an Agent to Quito on behalf of the Bondholders at large, to try to negotiate a settlement of their claims on the basis of a conversion of the Bonds into new Stock. The Council and the Committee were requested to lend their support and to instruct their correspondents in Ecuador to assist the Agent whom it was intended to dispatch upon this mission.

The two bodies consented to give the aid and approval for which they were asked, on condition that whatever arrangement might be made it should not be concluded until submitted to, and sanctioned by, the Bondholders assembled in General Meeting.

In the progress of the negotiations which were subsequently entered on, the Council were requested to convene a public Meeting of Bondholders on the 20th of October to consider the following proposition, that "the holders of the " bonds of the Republic of Ecuador will be prepared to " accept an arrangement of the Debt of that State, which " will adequately secure to them, in lieu of their present " bonds and arrears of interest, not less than £950,000 new " sterling bonds, with interest payable in sterling in London " of not less than 5 per cent., with a sinking fund of 1 per " cent accumulative, to be increased after five years to 2 " per cent."

This offer was accepted by the Meeting, and the result of the negotiations is now awaited, with the hope that the Government of Ecuador will be prepared to propose some such settlement as the one above indicated.

The commercial progress of Ecuador has recently been considerable, and there is some evidence that foreign enterprise is being attracted to it. The staple agricultural products, Coffee and Cocoa, have increased in quantity, and

the export of Peruvian Bark and India Rubber continues to advance. Attention has been successfully directed to gold-mining, but the construction of a railway from Quito to Guayaquil, long determined upon, appears to await the restoration of the credit of the State, which cannot be expected until the public creditors of Ecuador have been satisfied.

## EGYPT.

The Council have again to thank the Commissioners of the Public Debt for the regularity with which they have furnished the monthly returns of the sums derived from the revenues applicable to the service of the Unified and Preference Stocks, thereby enabling them to communicate the same to the press, for the information of the Bondholders.

The following tables exhibit the receipts for the year 1881 :—

# RECEIPTS ON ACCOUNT OF THE UNIFIED DEBT FOR THE YEAR 1881.

1 to 31 January.	1 to 28 February.	1 to 31 March.	1 to 25 April.	26 to 30 April.	1 to 31 May.	1 to 30 June.
Piastres. Tariff. 29,354,717 23 say £301,074 7s.	P. T. 23,700,671 25 say £243,083 16s.	P. T. 11,198,934 7 say £114,860 17s. 4d.	P. T. 21,498,974 28 say £220,502 6s. *Less— P. T. 2,614,059 12 say £26,810 17s.	P. T. 1,943,000 0 say £19,928 4s.	P. T. 29,888,442 39 say £304,496 14s.	P. T. 29,667,641 13 say £304,283 10s.

\* This deduction was made to complete the sum necessary for the service of the Preference Stock due 15th April.

1 to 31 July.	1 to 31 August.	1 to 30 September.	1 to 25 October.	26 to 31 October.	1 to 30 November.	1 to 31 December.
P. T. 31,539,860 20 say £323,485 14s. 11d.	P. T. 13,995,728 38 say £143,546 15s. 1d.	P. T. 8,318,622 05 say £85,319 3s. 10d.	P. T. 31,139,178 36 say £319,376 3s. 10d. †Less— P. T. 19,336,005 0 say £198,318	P. T. 1,186,853 01 say £12,172 17s.	P. T. 34,527,212 36 say £354,125 5s. 2d.	P. T. 41,156,972 09 say £422,122 15s. 10d.

† This deduction was made to complete the sum necessary for the service of the Preference Stock due 15th October.



# RECEIPTS ON ACCOUNT OF THE FIVE PER CENT. PREFERENCE STOCK (RAILWAYS) FOR THE YEAR 1881.

1 to 31 January.	1 to 28 February.	1 to 31 March.	1 to 14 April.	15 to 30 April.	1 to 31 May.	1 to 30 June.
Piastres. Tariff. 11,003,158 30 say £112,853	P. T. 5,850,000 0 say £60,000	P. T. 10,423,738 8 say £106,910 2/9	P. T. 3,426,841 10 say £35,147 1s. plus* P. T. 2,614,059 12 say £26,810 17s.	P. T. 1,950,000 0 say £20,000	P. T. 7,800,000 0 say £80,000	P. T. 5,850,000 0 say £60,000

\* This sum was deducted from the Receipts of the Unified Debt to complete the amount necessary for the half-yearly service due 15th April.

1 to 31 July.	1 to 31 August.	1 to 30 September.	1 to 14 October.	15 to 31 October.	1 to 30 November.	1 to 31 December.
P. T. 7,267,556 0 say £74,539	P. T. 4,919,944 0 say £50,461	P. T. 7,312,500 0 say £75,000	P. T. 3,412,500 0 say £35,000 plus† P. T. 19,336,005 0 say £198,318	P. T. 3,900,000 0 say £40,000	P. T. 11,700,000 0 say £120,000	P. T. 14,820,000 0 say £152,000

† This sum was deducted from the Receipts of the Unified Debt to complete the amount necessary for the half-yearly service due 15th October.

The statement of the operations of the Sinking Fund of the Unified Debt, communicated to the newspapers on the 7th December last, is reproduced in full, as in addition to the particulars of the Redemption by purchase, correct information as to the outstanding amount of the Debt is given :—

#### SPECIAL TREASURY OF THE PUBLIC DEBT.

Table of the Operations of the Redemption by purchase of the Unified Debt for the 1st November, 1881.

##### SUMS DISPOSABLE.

Excess on Oct. 25th, of the assigned revenues	...	£542,525	18	7
Coupon of Nov. 1st, 1881, of a Bond purchased in May			10	0 0
"    "    of Bonds purchased in June		5,200	0	0
"    "    "    "    Oct.		9,258	0	0
Repayment by the Ministry of Finance of the difference between the average rate of the June purchases and the average price on the Alexandrian Bourse on Nov. 1st, 1881	... ..	5,687	10	0
				<hr/>
				£562,681 8 7

##### EMPLOYMENT OF FUNDS.

	Nominal Capital of Obligations Purchased.	Actual Capital Employed, including Expenses.		
Debit balance of old purchase account	... .. £800	£555	9	10
Purchases made in June, 1881	260,000	199,351	17	6
"    "    Oct.	462,900	341,880	19	4
"    "    Nov.	28,860	20,880	8	5
		<hr/>		
		£752,560	£562,668	15 1
				<hr/>
				£562,668 15 1
				<hr/>
New balance	... ..	£12	13	6

" By means of the above redemption, the nominal amount of the Unified Debt, which was, on the 1st November, 1881, £57,776,340

(including new issue), has been reduced to £57,023,780, requiring for the service of the 1st May, 1882, coupon a sum of £1,140,475 12s. The half-yearly requirement of the coupon was already reduced since the term of 1st May last by a sum of £6 on account of the debit balance of the old purchase account.

"The Treasury of the Debt received from the Minister of Finance in the month of July a sum of £133,771 5s. 8d., arising from the settlement of the Budget surplus for the financial year 1880. This sum has been employed in the purchase of Bonds of the Unified Debt for a nominal value of £170,660.

"The Bonds purchased will remain provisionally on deposit in the Treasury of the Public Debt, conformably with Article 15 of the Law of Liquidation, and will only be redeemed when it shall have been acknowledged that they are not necessary for the service of the liquidation.

(Signed)

P. BARAVELLI.

V. BELLAIGUE DE BUGHAS.

A. MONEY.

Acting Commissioners of the Treasury of the Public Debt.

True Copy—

(Signed) "W. MOG, Controller.

"Cairo, Nov. 20, 1881."

STATEMENT OF RECEIPTS AND EXPENDITURE FROM 1ST OF JANUARY TO 31ST OF DECEMBER, 1881.

RECEIPTS.		£	£	EXPENDITURE.		£
I. Direct Taxes :—				1. Egyptian Tribute		682,047
Land Tax	..	5,039,548		2. Public Debt	..	3,731,782
Other Direct Taxes	..	306,100		3. Civil List, &c.	..	284,884
			5,345,648	4. Khedive's Household	..	41,047
II. Indirect Taxes and Revenues :—				5. Council of Ministers	..	4,292
Justice	..	289,304		6. Ministry of Foreign Affairs	..	11,578
Customs	..	778,200		7. Ministry of Finance	..	500,412
Post Office	..	82,963		8. Ministry of War and Marine :—		
Octrois	..	294,710		War	..	£428,029
Salt	..	195,836		Marine	..	50,671
Other Indirect Taxes	..	367,588				
			2,008,601	9. Ministry of Public Instruction	..	478,700
III. Railways, Telegraphs, and Port of Alexandria :—				10. Ministry of Interior	..	59,714
Railways and Telegraphs	..	1,347,088		11. Ministry of Justice	..	446,561
Port of Alexandria	..	73,209		12. Ministry of Public Works	..	236,704
Hélwan Railway	..	8,571		13. Railways, Telegraphs, and Port of Alexandria :—		404,723
			1,428,868	Railways and Telegraphs	..	
IV. Mail Boats	..	..	90,065	Port of Alexandria	..	£409,092
V. Revenues from other Administrations of the State	..	..	89,155	Hélwan Railway	..	11,769
VI. Miscellaneous Revenues	..	..	84,028			6,802
VII. " Receipts	..	..	103,564	14. Customs	..	427,663
VIII. Repayment of Advances made to the Peasants	..	..	32,922	15. Post Office	..	62,062
IX. Charge on Salaries of Employés	..	..	60,236	16. Mail Boats	..	76,706
				17. Salt	..	125,932
				18. Government Warehouses	..	54,611
				19. Reserve for unforeseen Expenses	..	13,490
				20. State Pensions	..	18,278
						214,486
Total Receipts		..	£9,243,087	Total Expenditure	..	£7,874,672





Based on the Expected Surplus of the Revenues, as fixed by the Ordinary Budget.

£553,846

## DAIRA-SANIEH CONSOLIDATED DEBT.

An advertisement relative to the cancellation of Bonds of this Debt having appeared in the *Times* of 6th May and 1st June, in French, the Council made a representation to the Controllers, urging upon them the desirability of making such announcements in the English language.

This representation has resulted in an arrangement being made with Sir F. Goldsmid, the English Controller, who was then in this country, whereby the notification of the cancellation of the Bonds under Articles 42 and 49 is forwarded to the Council, who have undertaken to communicate it to the press.

In the report of the Controllers for the year 1880 the debt of the Daira-Sanieh is shown to be made up as follows:—

1st, Bonds of the Khedive 1870 Loan	£5,903,800.
2nd, Daira Bonds      ...      ...      ...	2,906,150.
3rd, Bonds of the Khassa Debt      ...	685,400.
	<hr/>
	£9,495,350.

By the operations of the redemption effected under Articles 42 and 49 of the Law of Liquidation, Bonds amounting to £241,400 have already been purchased and cancelled, thereby reducing the Outstanding Debt to £9,253,950.

## GREECE.

## FIVE PER CENT. LOANS CONVERTED IN 1879.

The service of this Loan has been punctually met.

At the fourth and fifth drawings, held in May and November last, the sum of £29,200 was redeemed, which, with the sums already paid off, decrease the amounts outstanding to £893,400.



## GUATEMALA.

## Guatemala 1869 Committee.

General Sir George Balfour,

K.C.B., M.P., *Chairman*.

George Cavendish Taylor, Esq.,

*Deputy Chairman*.

Right Hon. E. Pleydell-

Bouverie, *Ex-officio*.

H. F. Bailey, Esq.

Dr. Behrend.

James Roberts Brown, Esq.

James Charles, Esq.

Robert Fisher, Esq.

S. W. Willet, Esq.

Morgan Yeatman, Esq.

Brodie de Zulueta, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Agents for Arrear Certificates.*Messrs. I. Thomson, T. Bonar  
and Co.

Past Reports have contained the details of endeavours on the part of the Council and the Committee of Bondholders associated with them to effect a settlement of the Debt of Guatemala, with its annually accumulating arrears; sometimes with better prospects of success than at others, but all have ended in the same disappointment.

During the past year an effort has been made to restore the credit of Guatemala, unhappily, for the interests of the country, so seriously injured by the failure to carry out the agreed-on repayment of the Debts standing against that State. The whole amount of the two kinds of External Debt, the 5 per Cent. and 6 per Cent., remaining unpaid, including arrears of Interest, is only £730,130, and consequent on the non-payment of this sum, the State is forced to borrow in the local markets and in the United States at a high and burthensome rate of interest. Wiser views in the course of last year prevailed, and arrangements were entered into in Paris with a group of financiers, to provide the State with funds, and to establish a Bank and extend Railways, but the Government of Guatemala saw fit to refuse assent to the negotiations concluded. Since

the beginning of the year an assurance of a grave and important character has been given by the Government of Guatemala to H.M.'s Minister in Central America that payment of the Debt will be resumed very shortly. There is reason therefore to hope that an effort will be made for the restoration of the credit of the State.

The railway system which the President is endeavouring to carry out in Guatemala relies for its success on the good will of American capitalists; and so long as financiers and engineers can be found in the United States to supply the funds and the skill to build railways, the rulers of Guatemala have hitherto regarded a settlement of the National Debt, held chiefly in Europe, as a question admitting of indefinite delay. But the country, notwithstanding its propinquity to the United States, needs more development than the opening up of great highways; it wants the capital requisite to create the industries and commerce from which lucrative traffic must spring, and without which, be the Government subsidies what they may, no railway projects can permanently succeed.

The railroad schemes for which concessions have been given during the past year are two, both granted to American citizens; one for a line from the frontier of British Honduras to a place named Dolores, in Mexico, and the other for a line between the port of Champerico, on the Pacific, and Retalhulen.

But the construction of the remaining forty miles of the Guatemala Central Railroad from Esquintla to the capital does not appear to be progressing from want of funds.

The National Exhibition which was to have been held in 1882 has been postponed by the Minister of Finance, from motives of economy, until the railroad is completed to the capital.

## HONDURAS.

The initiative taken by the President of the Republic in asking the Council to suggest to him an arrangement by which the balance of the Five per Cent. Old Federal Debt should be settled, has not been followed by any action on his part.

But it is recently reported that the surplus (quoted at about \$100,000) of the Revenue, which has increased during the Administration of President Soto from \$259,000 to \$1,000,000 annually, is to be applied to pay the interest due to the creditors of the State, in fair and equitable proportions according to the priority of their claims, so far as the amount of the surplus will admit.

No proposal, however, on the subject has been made by the Government.

The returns from the Custom-house at Amapala are given at nearly \$45,000 for the two last months of 1880, and those from the other Custom-houses at Trujillo, Omoa and Puerto-Cortes, and Roatan were considerable.

Agriculture, trade, and other industries appear to be advancing under the fostering influence of the peaceful times which have now continued for nearly five years.

The case of the French Bondholders has been finally decided by the Court of Appeal in Paris ordering the reimbursement by the Contractors of the Loan of the price of the bonds at purchase rates, with interest. But the decision is of no value to the Bondholders, except as a declaration of the law, in consequence of the firm which issued the Loan being now in liquidation.

## ITALY.

In July, 1881, a prospectus of "the Italian Government 5 per cent. Loan for £14,600,000" was issued by Messrs. Baring Brothers and Co., in conjunction with Messrs. C. Hambro and Sons.

Letters were at once addressed to them, bringing to their notice the fact that the amount of income tax the Italian Government intended to place upon the Coupons of the Bonds of this new Loan held by external holders, had not been stated, and referring to the treatment of the Coupons of the Sardinian (1851) 5 per cent. Loan which had been subjected to an income tax of 13·20 per cent., although the bonds had expressly declared them exempt from taxation.

The reply received from the Agents for the issue of the Loan conveyed a communication from the Ministry of the Treasury that there was no question of imposing any further tax than the income tax of 13·20 per cent. at present chargeable.

But the Council considered it to be their duty to express in reply their regret that the amount of deduction for income tax had not been shewn in the prospectus of the 1881 Loan issued by them, and that the Italian Minister had given no assurance that the interest upon it would not be subjected to increased taxation.

## LIBERIA.

This Loan is now in its eighth year of default.

The absence of a resident Representative of Great Britain in that Republic, and the brief and infrequent

sojourns in this country of a Minister from its Government, render remonstrance difficult, if not impossible, against the determination of Liberia to ignore the engagements of the State.

## LOUISIANA.

### Louisiana Committee.

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio*.  
General Sir George Balfour,  
K.C.B., M.P.  
Francis Bennoch, Esq.  
Louis Floersheim, Esq.  
J. A. Hankey, Esq.  
Fortescue Harrison, Esq.

G. I. Leon, Esq.  
Robert Monckton, Esq.  
J. Hume Webster, Esq.  
R. J. Wigram, Esq.

*Secretary.*

Hyde Clarke, Esq.

Under the Debt Ordinance of the State Convention, it is reported that \$1,000,000 of Old Securities have now been exchanged for New Bonds.

In order to test the legality of this Ordinance, which the State Courts declared themselves incompetent to adjudicate upon, a case has been taken to the United States Supreme Court.

## MEXICO.

H. B. Sheridan, Esq., M.P.,  
*Chairman.*

F. Bennoch, Esq., *Vice-  
Chairman.*

The Right Hon. E. Pleydell-  
Bouverie, *Ex-officio.*

L. N. Bonar, Esq.

H. Guedalla, Esq.

James Corbet Irving, Esq.

Admiral of the Fleet Sir Provo  
Wallis, G.C.B.

Edward Wright, Esq.

*Secretary.*

W. W. Holmes, Esq.

*Agent of the Bondholders in  
Mexico.*

E. J. Perry, Esq.

Although during the past year it has not been possible to elicit any offer or proposal for a settlement of its Debt from the Government of Mexico, there is no doubt but that at no period since the constitution of the Committee have the prospects of the debtor State worn so encouraging an aspect as they have during that period.

The Republic, which for the last 50 years has had its attention principally occupied with the contentions of factions, is now suddenly devoting its entire energy, both political and financial, to the development of its internal wealth; and, aided by the enterprise of citizens of the United States, has planned, surveyed and commenced the construction of a network of Railways covering the whole area of the Republic, and opening communications with every seaport.

In addition to this class of public work, undertaken, as is apparent, on a vast scale, encouragement is being given to ocean navigation, and subsidies are voted to aid its extension; whilst the Customs' Duties, levied by Mexico and the United States on the productions they interchange, are

being examined for revision in a sense favourable to the extension of the commercial relations between the two countries.

Powerful financial establishments are at the same time being founded, one the "National Bank of Mexico," with French capital; the other, known as the "New Mercantile Bank," finding its subscribers in Mexican circles alone.

The former of these establishments is evidently intended to assist in the rehabilitation of the system under which the fiscal business of the Government is conducted, many and grave financial obligations having been mutually contracted between it and the Government.

To those who have for a long period watched the economic situation of Mexico these changes presage an important revulsion in the public mind, which appears to have thus by a sudden effort not only thrown off the lethargy of years, but to have surmounted that jealousy of foreign influence which formerly opposed a barrier to the introduction of those ameliorations in the internal economy of the country which were alone needed to place her among the richest nations of the world.

The Committee, whilst disappointed at finding the Government neglecting to embrace, in their various arrangements, any scheme for the settlement of the Debt, have nevertheless to admit that on each occasion on which the responsible members of the administration have been approached on the subject they have never failed to acquiesce in the necessity of a settlement being arrived at or to express their anxiety to see that end attained.

In view of the vastness of the capital requisite to carry out the public works now under construction in Mexico, and the admitted insufficiency of the pecuniary resources of the United States to meet the requirements of their own internal development, no other course seems open to the



American capitalists who have undertaken the responsibility of their execution than an appeal to the European money markets for the requisite funds.

That a settlement of the Debt must precede such an appeal all are aware, and to that conviction is attributable the rate at which the quotations of Mexican Bonds have been maintained during the past year.

Constant communication has been maintained between this Committee and the Agent of the Bondholders in Mexico, and several indications have been made by financial groups there of a desire to undertake the negotiation of the settlement of the Debt; but to none have the interests in their charge been confided, the Committee preferring to await the occasion of accredited Agents of the Government presenting themselves, the advances of intermediaries having hitherto resulted in but tedious and fruitless negotiations.

## MISSISSIPPI.

### Mississippi Committee.

The Right Hon. E. Pleydell-  
Bouverie, *Chairman.*

E. Haslewood, Esq., *Vice-  
Chairman.*

L. N. Bonar, Esq.

J. Crouch, Esq.

G. H. Hopkinson, Esq.

L. G. Moore, Esq.

Arthur Tite, Esq.

William Trotter, Esq.

J. T. Wood, Esq.

*Secretary.*

Hyde Clarke, Esq.

In February, 1878, certain creditors of the State of Mississippi presented a Memorial to the Legislature, suggesting the terms of a settlement of the Debt. It was



referred to a Committee to report upon, but no further action appears to have been taken in the matter.

The subject was brought before the Council in the autumn of 1881, and a Committee has been formed here to obtain, if possible, the recognition of the long outstanding claims of the Bondholders.

Mr. John Tasker Howard, of New York, has been appointed their Agent in the United States.

In conformity with his instructions, he has had an interview with the Governor at Jackson, the State Capital, and has presented a Memorial to the Legislature, embodying proposals for an arrangement of the Debt.

Mr. Howard reports by telegraph that the Senate and the House have rejected the proposals.

## PARAGUAY.

### Paraguayan Committee.

The Right Hon. E. Pleydell-	G. N. Strawbridge, Esq.
Bouverie, <i>Chairman</i> .	S. Leith Tomkins, Esq.
R. J. Browne, Esq.	H. Woodfall, Esq.
George Herring, Esq.	
J. Percy Leith, Esq.	<i>Secretary.</i>
George Russell, Esq.	Hyde Clarke, Esq.

No further active step has been taken since the issue of the last Report to effect an arrangement of the claims of the Bondholders of the Eight per Cent. Debts of 1871 and 1872.

The state of affairs in Paraguay, as disclosed by the result of Mr. Milner's enquiries, did not encourage any well-founded hope that effective efforts could now be made for the restoration of the credit of the State.

The country possesses within itself nearly every natural

resource necessary for the maintenance of a considerable population, with a climate favourable to European colonisation, and it will probably in time attract emigration from the Old World. The people of the country, however, were well nigh exterminated by a desolating war. A slight shifting of population into Paraguay from the neighbouring States lying to the West and South is said to have taken place, and a German Colony has been formed in the interior. An increase in Customs receipts is reported, and during the first quarter of 1881 they reached the sum of \$247,424, being a considerable advance on the corresponding period of the previous year. With reviving prosperity and a growing public income, there can be little doubt that the desire to remove the stigma attached to their reputation for good faith, will prompt the Government to approach the State creditors with proposals for an arrangement.

## PERU.

A Committee appointed at a General Meeting of Peruvian Bondholders of the Loans of 1870 and 1872, held on the 14th of December, 1880, issued, under the sanction of the Chilean Minister accredited to Great Britain, an invitation to the Bondholders to deposit or register their bonds at the banking house of Messrs. Martin and Co., of London, in contemplation of the arrangements with the Government of Chili, in order to entitle them to participate in the surplus proceeds arising from sales of guano, after payment of a royalty to that Government.

The deposit and registration closed on the 15th of March 1881, when it was announced that bonds of these Loans had been registered or deposited to the amount of £26,000,000; the greater part of the balance of the bonds

of these Loans being held it is believed in France and Holland.

Soon afterwards the Chilian Government nominated Messrs. Antony Gibbs and Sons, their Agents for the reception of the shipments of guano, and the arrival and sale of several consignments have been notified, but no funds have as yet either been distributed or officially declared to be available.

The Committee of Peruvian Bondholders referred to are not associated with the Council, and the above information is given as being of general interest.

#### PISCO TO YCA RAILWAY LOAN OF 1869.

##### Pisco to Yca Committee.

Right Hon. E. P. Bouverie,

*Chairman.*

F. Campion, Esq.

Lieut.-Col. H. M. Le Champion.

R. Eykyn, Esq.

J. Leigh S. Hatton, Esq.

G. T. Rait, Esq.

*Secretary.*

Hyde Clarke, Esq.

Some time previously to the deposit and registration of Peruvian Bonds with Messrs. Martin and Co., the Committee of this Loan had invited the holders to deposit their bonds with the Council, with authority to represent their interests and act in their name. This deposit was subsequently adopted by the Chilian Minister as sufficient to entitle the Bondholders to participate in the advantages to be derived from the concessions of the Chilian Government to the holders of Peruvian securities, which concessions the Committee and Council, by the direction of the Minister, formally accepted in the name of the deposited bonds.

Up to the latest date permitted by the Chilian Minister, viz., the 31st of March 1881, bonds to the amount of £256,000 out of a total sum of £264,000 bonds outstanding were deposited, and a further deposit of £3,520 was made after the limit of time was reached.

Certificates now quoted on the London Stock Exchange were issued by the Council in exchange for the £256,000 bonds deposited with them to the 31st of March; and an application was made to the Chilian Government to recognize the deposit of the bonds brought in after that date, but their decision on this point has not been communicated.

The claim to priority made by the Council and Committee on behalf of the Bondholders of this Loan was courteously received by Señor Blest Gana, the Minister of Chili, and was transmitted to his Government for instructions, but no official notification has yet been made on the subject.

In the action of the *Peruvian Guano Company v. Walker*, every effort has been made on the Bondholders' behalf to obtain the decision of the Court on the questions involved, but in consequence of the course adopted by the Plaintiffs, unfortunately without success.

The Company brought the action for the directions of the Court as to the mode of application of the monthly payments appropriated under the Peruvian Government Decree of 8th January, 1879, to the service of the External Debt, but afterwards set up a counter-claim on their own behalf to retain the amounts in question as against the Debt which they alleged was owing to them by the Government, and they then delayed the further progress of the action, except when it was necessary to move from time to time to prevent its being dismissed. Repeated applications were made by them to the Court for time to deliver pleadings, and all the efforts on the Bondholders' behalf, with the view to bringing the action to a hearing,

being unavailing, application was made to dismiss the action for want of prosecution. Thereupon the Company made a counter application for leave to join the Peruvian Government as a defendant, in order that the accounts between the Company and the Government might be taken in the action. Notwithstanding the opposition which was made to this course the Court granted the necessary leave, thus staying all proceedings for many weeks until notice should be given to the Government, and preventing any further step until after the long Vacation. On the reopening of the Courts pressure was again brought to bear on the Plaintiffs, but still without success, and a second application to dismiss for want of prosecution was made in December, when the Company simply gave notice that they wholly discontinued the action. The effect of this is that the action is at an end, and all the steps which have been taken under it are rendered abortive. The costs which have been incurred will, however, fall to be borne by the Plaintiffs, but they, unfortunately, remain in possession of the money. It is, therefore, now necessary to consider whether an independent action can be maintained on the Bondholders' behalf in respect of the monthly sums in question, and no time will be lost in taking the requisite steps for such consideration.

In the action of *Watson v. Cave* the proceeds of a few of the early cargoes shipped under the Chilian Decree of February 22nd, 1880, were paid into Court, and a Decree was made by the Master of the Rolls on the 16th May, 1881, directing enquiries in Chambers as to the Loans entitled to participate under the Chilian Decree, as to the sums to be allowed to Messrs. Cave, Croyle, and Procter in respect of their claims for expenses and services rendered, and as to the receiver's accounts and other incidental matters. These inquiries are now pending, and it being impossible

to obtain an appointment before an official referee of the Court within any reasonable period, it has been referred to Mr. Holl, Q.C., to determine the amounts to which the several claimants are entitled. In view of the large number of parties to the action it is impossible that any rapid progress can be made, and it is hardly probable that the decision of the Court can be obtained for many months to come on the question as to the priorities of the different classes of Bonds of the Peruvian Debt.

Meanwhile it has been stated that the Chilian Government have substituted for their previous concessions to the Bondholders, an arrangement by which all sums to be placed to their credit from sales of guano shall be lodged in the Bank of England, pending the reference of the question of priorities to arbitration.

#### IQUIQUE AND LA NORIA, SAL DE OBISPO, AND PISAGUA, ETC., RAILWAYS LOAN OF 1872.

The Trustees of the Bondholders announced last June that they had received information of the restoration of these railways to their owners by the Chilian Government, who had retained possession of them during the late hostilities.

Messrs. I. Thomson, T. Bonar and Co., have notified the payment of the following Coupons since the issue of the last Report :—

The remaining moiety of the Coupon bearing date the 31st December, 1879, and

The Coupons due in June and December, 1880, and that due June, 1881.

They also state that they hold an amount of £35,732 in bills maturing at early dates, for the further service of this Loan.

## ROUMANIA.

IRON BRIDGES ANNUITY. CERTIFICATES. SEVEN PER  
CENT. LOAN OF 1870.

The whole of the Certificates have now been drawn for redemption, but the payment of those last drawn on the 1st of April, 1881, could be made to the extent of 21 per cent. only, in consequence of the retention by the Roumanian Government of the balance of the annuity due.

The reason given for this appropriation was that the repairs of the bridges had not been completed.

These partly-liquidated Certificates, amounting to £27,700, were returned to the holders, endorsed with a Memorandum notifying the sum paid upon them.

The Trustees, however, have succeeded in obtaining the payment of £4,400 in respect of interest accruing in consequence of delay in certain prior payments of annuity, and application has been made for the opinion of the Court as to its mode of distribution amongst the Certificate holders.

## SANTO DOMINGO.

## Santo Domingo Committee.

F. Bennoch, Esq., *Chairman*.  
Lieut.-General J. L. Vaughan,  
C.B., *Deputy-Chairman*.  
Right Hon. E. Pleydell-  
Bouverie, *Ex-officio*.

E. Lennox Boyd, Esq., F.R.G.S.,  
F.S.A.  
Robert Bradshaw, Esq.  
C. A. Day, Esq.  
Capt. W. Delf.



Major J. C. Harris, R.E.  
 Rev. E. S. Hart.  
 H. B. Hyde, Esq.  
 W. Johnson, Esq.  
 Robert Monckton, Esq.  
 R. L. Morris, Esq.  
 J. G. Peckham, Esq.  
 Chas. Penruddocke, Esq., J.P.  
 C. W. Price, Esq.  
 V. D. Ray, Esq.

P. C. Renton, Esq.  
 W. Richardson, Esq.  
 Aug. Styles, Esq.  
 G. R. Walker, Esq.  
 Count M. G. de Wezele.  
 C. O. Wombwell, Esq.

*Secretary.*

Hyde Clarke, Esq.

Although the bonds of this Loan have been the subject of enquiry during the past year, there does not appear to be any solid reason for their value being enhanced; unless it be the rumour, often current before, that the Government of the United States, desiring to acquire the Bay of Samana, would pay a sum for it sufficient to extinguish the claims of the creditors of the Republic.

But so far from there being any official corroboration of this report, it has been authoritatively denied by the Dominican Minister in Paris.

The Council, with the Committee of Bondholders affiliated to it, have been ready to seize any opportunity which might offer, to induce the Government to take some step towards arranging its Debt, but the Government seem to have found full occupation in attending to internal affairs.

## SPAIN.

### General Committee of Holders of the Three per Cent. External Debt.

F. Bennoch, Esq., *Chairman*.  
 Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.

Augustus B. Abraham, Esq.  
 General Sir George Balfour,  
 K.C.B., M.P.



W. H. Bishop, Esq.  
 Lionel N. Bonar, Esq.  
 Sir Antonio Brady.  
 Edmund Burke, Esq.  
 The Right Hon. the Earl of  
   Carnwath.  
 Andrew Cassels, Esq.  
 M. Castello, Esq.  
 J. W. Chater, Esq.  
 David Clark, Esq., J.P.  
 John Collinson, Esq.  
 Chas. John Croke, Esq.  
 Geo. Dibley, Esq.  
 R. Dixon, Esq.  
 W. Duncan, Esq.  
 Roger Eykyn, Esq.  
 J. Figgins, Esq., Alderman.  
 Henry I. Fotherby, Esq., M.D.  
 Captain T. Fuller.  
 Commissary-General R. M.  
   Gardiner.  
 James Gardner, Esq.  
 John Goddard, Esq.  
 Wm. Grain, Esq.  
 G. de G. Griffith, Esq., M.D.  
 W. Griffith, Esq., B.A.  
 Rev. W. B. Harrison.  
 Spencer Herapath, Esq.  
 Geo. Herring, Esq.  
 Rev. W. Hodgson, M.A.  
 Thos. Kent, Esq.  
 Capt. Gilbert T. Key, R.N.  
 Arthur Kimber, Esq.  
 G. I. Leon, Esq.  
 C. E. Lewis, Esq., M.P.  
 Chas. Magniac, Esq., M.P.

W. H. Mogg, Esq.  
 Rev. M. N. Nathan.  
 H. N. Nissen, Esq.  
 A. Northen, Esq.  
 Parkinson Oates, Esq., M.D.  
 G. W. Obicini, Esq.  
 M. J. Power, Esq.  
 J. Remfrey, Esq.  
 D. Robinson, Esq.  
 Sir Philip Rose, Bart.  
 L. M. Rothschild, Esq.  
 Christopher Rowlands, Esq.  
 Thomas Rumball, Esq., M.I.C.E.  
 Sir Charles Russell, Bart.  
 Thomas Sidney, Esq., Alderman.  
 H. Skynner, Esq.  
 H. Solomon, Esq.  
 G. N. Strawbridge, Esq.  
 C. Surgey, Esq.  
 W. Trotter, Esq.  
 John Vade, Esq.  
 Lt.-General J. L. Vaughan, C.B.  
 Lieut.-Col. Vickers.  
 Chas. Waring, Esq.  
 Count M. G. de Wezele.  
 H. A. Withers, Esq.  
 J. H. Wolton, Esq.  
 Edwd. Wright, Esq.  
 Admiral of the Fleet, Sir Provo  
   Wallis, G.C.B.  
 J. Eveleigh Wyndham, Esq.

*Secretary of the Committee.*

Hyde Clarke, Esq.

## 3 % EXTERNAL DEBT.

On the 1st of December, 1881, the Rio Tinto Company gave notice that the whole of the outstanding balance, amounting to £1,734,600 nominal, of the 5 per Cent. Mortgage (Spanish Coupon) Bonds secured by the Deed of Trust of the 14th September, 1875, had been drawn for payment off at par on the 2nd of January, 1882. The effect of this payment when completed will be to discharge in cash the 30 per cent. of the three coupons payable 30th June, 1873, to 30th June, 1874, inclusive, in respect of which the bonds in question were given, and to demonstrate the favourable character of the arrangement in connection with those coupons, which the Council succeeded in effecting in 1875 for the Bondholders.

Señor Camacho, the Minister of Finance, introduced two bills to the Cortes, the one providing for the conversion of the Privileged and Redeemable Debts into a New 4 per Cent. Redeemable Stock, the other authorising the Minister of Finance to treat with the holders of the Perpetual Debt and of the State Obligations for Railways before the date indicated in Art. I. of the Law of 21st July, 1876. Both of the measures were passed by the Legislature, and to both the Minister has already given effect by exercising the power granted by the first bill and by opening negotiations with the Bondholders of the Internal and External Debts.

The Internal Bondholders have come to an agreement with the Minister to accept an arrangement by which  $1\frac{3}{4}$  per centum shall be paid to them on their Bonds from July, 1883, and no more thereafter. These terms have not appeared likely to commend themselves to the acceptance of the External Bondholders.

## TENNESSEE.

In the last Report it was stated that the Council had been assured there were many influential citizens who favoured a settlement with the creditors of the State.

This information was confirmed by the passage of a Debt Bill, by the House of Representatives, in April last. The Bill, at first rejected by the Senate, by a majority of one vote, in a House of twenty-five members, was subsequently passed by them. It provides for the refunding of the Debt at par, into a new three per cent. stock, redeemable in 99 years, with tax-receivable coupons.

While, as it is reported in the American press, "every true citizen observes in the Bill the triumph of honesty," the Repudiationists met in caucus and denounced the vote which led to it.

They objected to the recognition of \$24,000,000 of debt and the principle of "dollar for dollar." An application made by them to the Court at Winchester, resulted in an injunction, being served upon the State Controller, prohibiting him from carrying out the provisions of the Funding Act, passed by the Legislature. The Supreme Court at Nashville is reported by telegram to have decided, by three to two of the judges, that the Act for refunding mentioned above is unconstitutional.

## TUNIS.

The Board of Conceded Revenues held funds sufficient to enable them to pay Coupon No. 21, due 1st July, 1881,

in full ; and also Frs. 2 75 c. of the balance of Frs. 6 25 c. on Coupon No. 15. But only Frs. 10 have been paid on account of Coupon No. 22, and the arrears remaining payable are on

Coupon, No. 15	...	...	Frs.	3	50	cents.
"	"	17	...	"	3	0 "
"	"	18	...	"	5	0 "
"	"	19	...	"	3	50 "
"	"	22	...	"	2	50 "

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Total ... .. Frs. 17 50 cents. per bond.

Although recent political events do not seem to have affected the Public Debt detrimentally it is reported that the collection of revenue is impeded, and a probability of a reorganisation of the finances has been mentioned.

## TURKEY.

**Joint Commission for the Ottoman Loans of 1858 and 1862  
under the Convention of February, 1873.**

The Right Hon. E. Pleydell-  
Bouverie, *Chairman*.  
Francis Bennoch, Esq.  
Roger Eykyn, Esq.  
Thomas Rumball, Esq., M.I.C.E.

H. A. Withers, Esq.  
*Secretary*.  
Hyde Clarke, Esq.  
*Agent in Constantinople*.  
Captain Stab.

Since the default in 1875 the Council have never abated their endeavours to find a fair opportunity for entering into such negotiations as might lead to a settlement of the Ottoman Debt.

They have been in frequent communication with representatives of Turkey with that view, and have maintained

for several years an Agent in the neighbourhood of Constantinople, to keep them well informed as to the disposition and ability of the Government, to recognise and to meet the claims of the Bondholders against it.

The more recent public Acts of the Porte with reference to the Debt had been the issue of an Iradé on 10/22 November, 1879, constituting certain Bankers of Galata the Administrators of revenue previously assigned as security to the Bondholders, but reserving the surplus after a heavy deduction in favour of the Bankers, for distribution amongst the Creditors of Turkey; and a note addressed on the 3rd October, 1880, to the great Powers of Europe, intimating an intention to invite Delegates of the Bondholders to Constantinople to confer with the Government on the subject of the public Debt.

In June, 1881, the Turkish Ambassador in London, communicated to the Council the details of a plan for a settlement of the Debt, based upon the note of the 3rd October, 1880.

A correspondence on the subject ensued between the representatives of the British and French Bondholders, which led to the appointment of Delegates to act on behalf of the Creditors of Turkey from Austria, Germany, Great Britain, Holland, France and Italy.

To the Right Honourable Robert Bourke, M.P., was entrusted the Delegation of the British and Dutch Bondholders.

The British Delegation was conferred on Mr. Bourke by the following Resolution of a large and influential Meeting of Turkish Bondholders, held at the Cannon Street Hotel, London, on the 18th of July, 1881:—

“RESOLVED—That this Meeting doth hereby request the  
“Right Honourable Robert Bourke, M.P., to proceed to  
“Constantinople, to endeavour to make an arrangement of

“ the Turkish Debt, in the general interest of the Bondholders, and in co-operation with the Representative of the French Bondholders.”

The subjoined Resolution was also passed by the Meeting:—

“ That the best thanks of this Meeting be tendered to the Council of the Corporation of Foreign Bondholders, for the efforts they have made, both to facilitate the Mission of the Right Honourable Robert Bourke to Constantinople, and to secure the consent of the Turkish Bondholders thereto.”

The results of Mr. Bourke's Mission are contained in the very able Report he made to the British and Dutch Bondholders at its conclusion, and to that Report the Council refer for further information connected with it.

The Report, together with a copy of the Imperial Ottoman Iradé, issued on the 8/20 December, 1881, translated into the French and English languages, were published by the Council, and nearly 2,000 copies of the former pamphlet, with many copies of the Iradé, have been given to the public gratis.

Soon after the publication of Mr. Bourke's Report, a Public Meeting of Turkish Bondholders was convened.

It was held at the Cannon Street Hotel, on the 20th of January, 1882, and the large attendance testified to the great and general interest manifested in the arrangement which had been made.

Mr. Bourke detailed the progress of the negotiations, and the following Resolution was passed with five dissentients only:—

“ That this Meeting tenders its best thanks to the Right Honourable Robert Bourke for the industry, zeal, and ability with which he discharged the duties of his laborious and arduous mission at Constantinople, to nego-

“ tiate an arrangement of the Turkish Debt, and requests  
 “ the Council of Foreign Bondholders to take the requisite  
 “ steps to carry the arrangement into effect.”

The Meeting, desirous of recording their approbation of the cordiality which had prevailed amongst the Delegates of the various nationalities, recently assembled in financial Congress, passed a resolution :—

“ That the hearty thanks of this Meeting be given to M. Valfrey, the Representative of the French Bondholders, and the other European Representatives, for the loyal and effective co-operation which they gave to M. Bourke in their recent negotiations at Constantinople.”

The following resolution was passed by a General Meeting of Bondholders, held at Amsterdam, on the 23rd January, 1882 :—

“ RESOLVED—That the Meeting of Dutch Holders of Turkish Bonds tenders its best thanks to the Right Honourable Robert Bourke, who represented them at Constantinople, for the zeal and ability with which he has discharged the duties of his laborious and arduous mission, and considering that no more favourable terms can be obtained, declares itself to be satisfied with the arrangement, and authorises the Board of the Amsterdam Stock Exchange to take all steps required to carry the arrangement into effect.”

The Belgian Bondholders who had appointed Mr. Bourke, their Delegate, at the close of the Conference at Constantinople, held a Meeting at Antwerp, on the 27th of January, and passed the following Resolutions :—

“ 1°. D’adhérer à la Conversion de la Dette Turque faisant l’objet de l’Iradaé du 20 Décembre, 1881 ;

“ 2°. De prier le ‘ Comité Belge des porteurs de fonds turcs ’ de faire les démarches nécessaires à l’exécution du dit règlement ;



“ 3°. D'exprimer les remerciements des Bondholders Belges  
 “ aux divers délégués à Constantinople et notamment à  
 “ l'honorable Mr. Bourke, pour l'énergie et le talent avec  
 “ lesquels ont été défendus leurs intérêts ;

“ 4°. De charger le Comité de donner communication de  
 “ ces résolutions aux divers intéressés.”

Thus the course adopted by Mr. Bourke to obtain a settlement of the Turkish Debt, with the arrangement effected, were approved by those who had conferred their Delegation upon him.

The practical effect of the settlement is, that the ten Loans which were the subject of negotiation have been reduced in their nominal values to the rates stated in the following table :—

Rates of reduction including arrear coupons but not Ramazans for interest.					
Loan of 1858	...	...	@	93·15	%
„ 1860	...	...	@	62·90	%
„ 1862	...	...	@	74·5	%
„ 1863/4	...	...	@	76·3	%
„ 1865	...	...	@	71	%
„ 1869	...	...	@	62·4	%
„ 1872	...	...	@	107·75	%
„ 1873	...	...	@	55·25	%
General Debt	...	...	@	50·25	%
Lottery Loan	...	...	@	45·09	%

Interest, commencing at the rate of 1 per cent., to be paid out of the receipts of revenues assigned from the 13th of January, 1882, to the service of these Debts, will be payable half-yearly, on the 13th of September and the 13th of March, the first payment in September next being for the eight months from the preceding month of January inclusive.



The Debts are formed into four groups for redemption.

The arrangements for the registration of Bonds in conformity with the Article 4 of the Imperial Ottoman Decree are being carefully considered and will be notified when completed.

## VENEZUELA.

### Venezuelan Committees of 1865 and 1873 United.

Admiral of the Fleet, Sir	F. Obicini, Esq.
Provo Wallis, G.C.B., <i>Chairman.</i>	Lt.-General J. L. Vaughan, C.B.
Right Hon. E. Pleydell- Bouverie, <i>Ex-officio.</i>	E. Wright, Esq.
J. W. Chater, Esq.	<i>Secretary.</i>
E. Jonas, Esq.	Hyde Clarke, Esq.

### Board for the Conversion of the External Debt of Venezuela.

Right Hon. E. Pleydell-Bouverie, <i>Chairman</i>	} Nominated on behalf of the Bondholders.
Admiral of the Fleet, Sir Provo Wallis, G.C.B.	
Ed. Wright, Esq.	} Nominated on behalf of the State.
N. G. Burch, Esq., Vice-Consul for Venezuela.	
Edward Haslewood, Esq.	

### Trustees for the Deposit of Old Securities at the Bank of England.

Lionel N. Bonar, Esq.		J. W. Chater, Esq.
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The conversion of the National Debt of Venezuela into bonds of the New Consolidated Debt commenced in February last, and has proceeded without interruption, and by

the time the first coupon was due, on the 15th August following, about 95½ per cent. of the former indebtedness had been presented for conversion.

To the 31st of January, 1882, £2,684,678 new bonds have been issued in exchange for old securities, amounting to £6,441,850.

The Government of Venezuela have regularly met their engagements for the service of the Debt, and the remittances made by the Agents of the Bondholders in Carácas provide a considerable sum towards the payment of the third coupon, due 15th August, 1882.

The Government of the Republic, under the firm administration of General Guzman Blanco, by ensuring the peace of the country, has greatly contributed to its progress. Agricultural production has increased, and the mining industries have been further developed; while it is probable that, with the discovery, which has been announced, of coal and of petroleum, new branches of commerce will be opened. That important work, the construction of the railway from La Guayra, on the sea coast, to the capital city of Carácas, has made a considerable advance towards completion, and a sketch map of this undertaking is appended.

## VIRGINIA.

### Virginian Committee.

Right Hon. E. Pleydell-  
Bouverie, *Ex-officio*.  
Geo. Artingstall, Esq.  
Jas. B. Blarney, Esq.  
Charles Clark, Esq.

David Clark, Esq.  
J. Conybeare, Esq.  
John Dabbs, Esq.  
Joseph Hankey Dobree, Esq.  
W. Duncan, Esq.

C. E. Flower, Esq.  
 John Ford, Esq.  
 Commissary-General R. M.  
 Gardiner.  
 R. H. Glyn, Esq.  
 John Alers Hankey, Esq.  
 Arthur Horrigan, Esq.  
 E. Humphreys, Esq.  
 Henry Joachim, Esq.  
 General Sir Arnold Kemball,  
 K.C.B., K.C.S.I.  
 Arthur Kimber, Esq.  
 Silvester L'Amy, Esq.  
 Robt. P. Laurie, Esq.  
 G. I. Leon, Esq.  
 J. L. Mieville, Esq.

Samuel Montagu, Esq.  
 D. Oppenheimer, Esq.  
 M. J. O'Shaughnessy, Esq.  
 Geo. Penson, Esq.  
 Giuseppe A. Pugno, Esq.  
 Geo. T. Rait, Esq.  
 Geo. Richardson, Esq.  
 W. R. Richardson, Esq.  
 Captain W. W. Ross.  
 C. Satterthwaite, Esq.  
 W. Trotter, Esq.  
 Geo. Yule, Esq.

*Secretary.*

Hyde Clarke, Esq.

The Council have again to report, with great regret, that no amelioration has taken place in respect of the position of the holders of the 10/40 Bonds issued in 1879, or in that of the creditors of Virginia generally.

The struggle for supremacy between the Debt Payers and the Readjusters was brought to an issue at the election for the Governor and the Members of the General Assembly, held last November, when the latter party obtained a majority through the aid it received from the Republicans.

A letter has very recently been addressed to His Excellency, Governor Cameron, by desire of the Committee, protesting against the financial course adopted under his auspices in connection with the Funded Debt, the tax-receivable Coupons, and the Debt question at large.

His Excellency has been requested to lay this letter before the General Assembly of the Commonwealth of Virginia.

The retiring Governor, His Excellency the Honourable Fred. W. M. Holliday, addressed a message to the newly-elected Assembly on the 7th of December last, and on the 6th January, 1882, his successor, Governor W. E. Cameron, who entered upon office on the 1st January, sent his message to the Legislature.

The settlement of the Debt recommended by His Excellency Governor Cameron, based upon a scheme embodied in a Bill called the Riddleberger Bill, has now been passed into an Act by the Assembly.

This Bill directs that the Debt shall be refunded into New 3 per cent. Bonds as follows:—

Consols ...	...	\$14,369,974	allowed 53 per cent.	
Ten-Forties ...	...	8,517,600	„ 60	„
Peelers ...	...	2,394,305	„ 69	„
„ Coupons...		1,072,545	„ 80	„
Unfunded 6's ...		3,773,493	„ 69	„
Literary Fund ...		1,428,245	„ 63	„
„ Coupons		379,270	„	cash.

The Bill also provides for the issue of Certificates for assigning a third of the Debt to West Virginia.

Two other Bills have been introduced into the Senate, which will materially affect the holders of tax-receivable Coupon-bonds, but neither are to come into force until after the 1st of December next.

The first is a Bill professedly to prevent frauds upon the Commonwealth and the holders of her securities in the collection and disbursement of taxes, and enacts that a taxpayer who having first paid his taxes in gold, and lodges tax coupons equal to the amount due, may then file a petition in one of the State Courts, that his coupons may be declared genuine, and that his gold may be returned. The aim of this measure is obvious.

The other Bill provides that all taxes should be paid in gold, or silver coin, or notes ; but any person may sue the Tax-collector within thirty days of such payment, for having wrongly collected the taxes in such a manner, and the Court may order the gold or other medium of payment to be returned.

### LIBRARY AND RECORDS.

The collection of records upon financial subjects in connection with the Loans, Debts, and resources of foreign countries is annually enlarged, and forms a compilation of special information upon those important subjects not to be found elsewhere.

The contributions to the Library amounted in 1881 to nearly 300 works, and the Council desire to express their obligations to the generosity of those who place them in possession of many books they could not otherwise obtain.

The thanks of the Council are due to the Governments of Austria, Bavaria, Belgium, Colombia, France, Holland, Norway, Portugal, Spain, the United States and Venezuela ; also to the Executive of the States of Illinois, Ohio and Virginia, and of the Colonies of New South Wales and Victoria ; as well as to the Foreign Office, for many contributions of general interest.



The other Bill provides that all taxes should be paid in gold, or silver coin, or notes ; but any person may sue the Tax-collector within thirty days of such payment, for having wrongly collected the taxes in such a manner, and the Court may order the gold or other medium of payment to be returned.

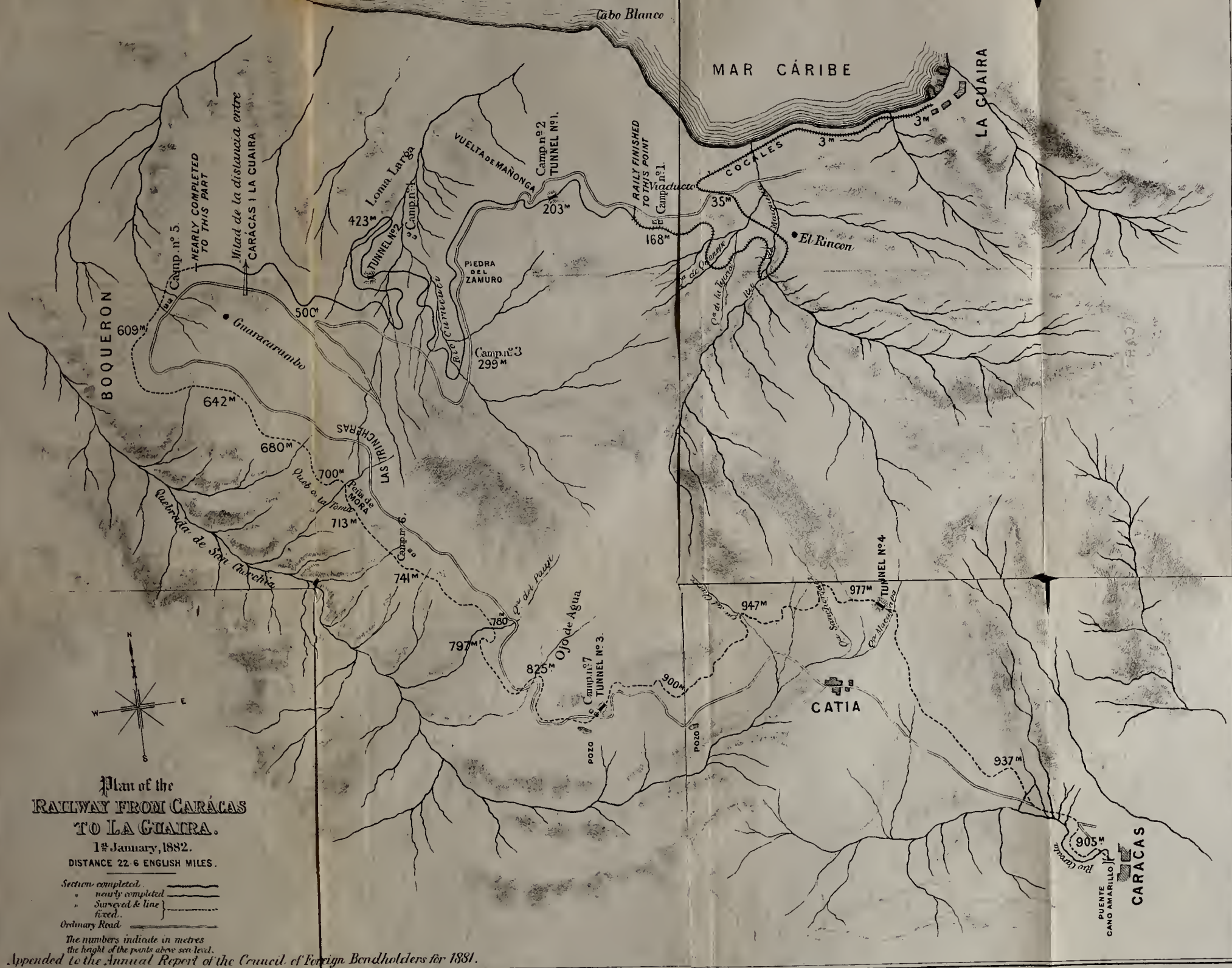
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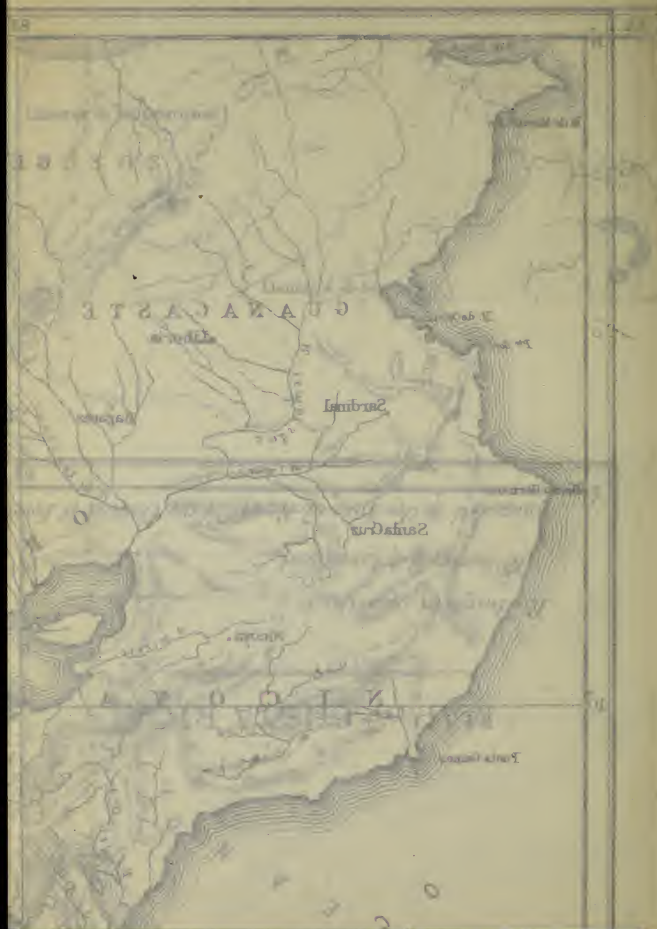
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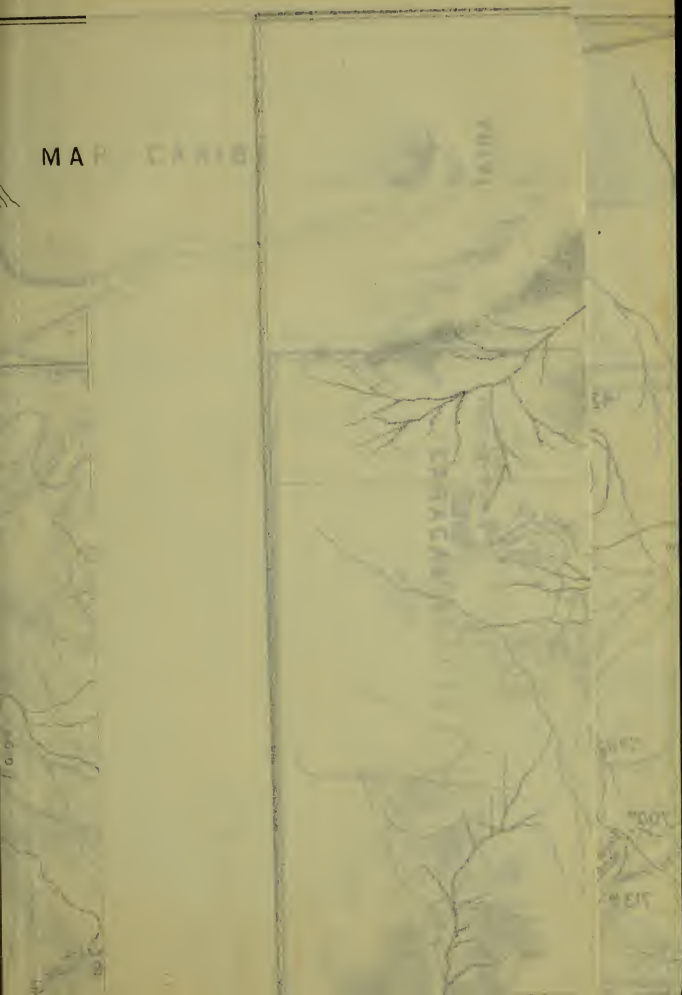


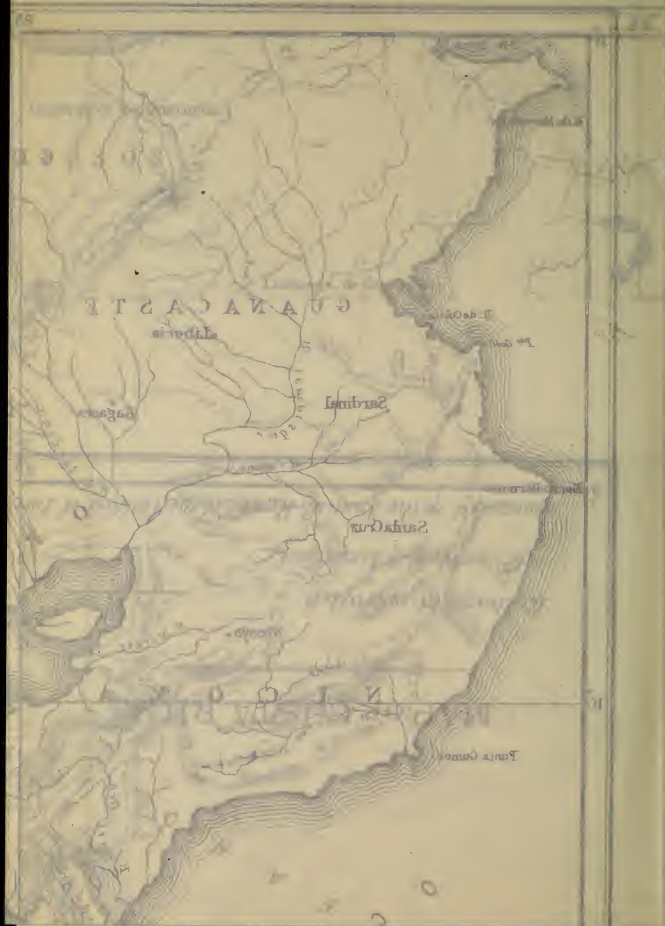






MAP CARIB











TENTH ANNUAL GENERAL REPORT  
OF THE COUNCIL  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

*Incorporated on the First of August, 1873,  
By Licence of the Board of Trade.*

FOR THE YEAR 1882.

TO BE SUBMITTED TO THE  
GENERAL MEETING OF MEMBERS OF THE  
CORPORATION

CONVENED FOR  
THE 26TH OF FEBRUARY, 1883, AT TWO O'CLOCK P.M.,

*At the Councilhouse, 17, Moorgate Street,  
in the City of London.*

LONDON:  
COUNCILHOUSE, No. 17, MOORGATE STREET,  
FEBRUARY, 1883.





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LONDON:  
COUNCILHOUSE, No. 17, MOORGATE STREET,  
FEBRUARY, 1883.



# The Corporation of Foreign Bondholders.

## NOTICE OF GENERAL MEETING.

NOTICE IS HEREBY GIVEN that the ELEVENTH ORDINARY GENERAL MEETING of the CORPORATION OF FOREIGN BONDHOLDERS will be held at the COUNCILHOUSE, No. 17, Moorgate Street, in the City of London, on MONDAY, the 26th day of FEBRUARY, 1883, at Two o'clock p.m., for the following purposes :—

- (1.) To consider the Report of the Proceedings of the Council, and the Statement of Accounts made up to the 31st December, 1882.
- (2.) To elect four Members of the Council, in the place of Mr. T. W. Snagge, Mr. W. Trotter, Sir H. W. Tyler, M.P., and Lieut.-General J. L. Vaughan, C.B., who retire by rotation, but, being eligible, offer themselves for re-election.
- (3.) To elect Auditors for the ensuing year. Messrs. Cooper, Wintle & Co., the retiring Auditors, offer themselves for re-election.
- (4.) To transact all such other business as may be transacted at Ordinary Meetings of the Corporation, and to pass Resolutions thereon.

By Order of the Council,

HYDE CLARKE,

*Secretary.*

COUNCILHOUSE,

17, MOORGATE STREET, E.C.

12th February, 1883.

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## MEMBERS OF THE COUNCIL.

---

RIGHT HON. EDWARD PLEYDELL-BOUVERIE, *Chairman.*

SIR JOHN LUBBOCK, BART., M.P., F.R.S., } *Deputy*  
RICHARD BIDDULPH MARTIN, ESQ., M.P., } *Chairmen.*

GENERAL SIR GEORGE BALFOUR,  
K.C.B., M.P.

FRANCIS BENNOCH, ESQ.

RIGHT HON. G. A. F. CAVENDISH  
BENTINCK, M.P.

LIONEL N. BONAR, ESQ.

THE RIGHT HON. R. BOURKE, M.P.

JOHN HENRY DANIELL, ESQ.

ROGER EYKYN, ESQ.

W. R. FARQUHAR, ESQ.

THE RIGHT HON. LORD KINNAIRD.

THE HON. H. D. RYDER.

SIR E. H. SCOTT, BART.

T. W. SNAGGE, ESQ.

CORNELIUS SURGEY, ESQ.

GEORGE CAVENDISH TAYLOR, ESQ.

WILLIAM TROTTER, ESQ.

SIR HENRY W. TYLER, M.P.

LT.-GENERAL J. L. VAUGHAN, C.B.

T. M. WEGUELIN, ESQ.

### Secretary.

HYDE CLARKE, ESQ.

### Solicitors.

MESSRS. TRAVERS SMITH & BRAITHWAITE.

MESSRS. NORTON, ROSE, NORTON & CO.

### Notary.

WILLIAM GRAIN, ESQ.

### Auditors.

MESSRS. COOPER, WINTLE & CO.

### Bankers.

MESSRS. ROBERTS, LUBBOCK & CO.

# TENTH REPORT

OF THE

## CORPORATION OF FOREIGN BONDHOLDERS.

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### TENTH ANNUAL REPORT.

1. THE accounts of the Corporation for 1882, as will be seen by the Statement submitted herewith, show that it is in a sound financial position. The Council propose to hold a drawing of fifty Certificates, to be paid off with interest in accordance with the Memorandum and Articles of Association.

2. A Committee has been formed representing the holders of Argentine 9 per Cent. Treasury Bonds, with a view to obtain some satisfactory arrangement with the Government of the Argentine Confederation respecting the redemption of these Bonds.

3. The Government have recently decreed that the Bonds must be paid off at par, and maintain that they are entitled so to do. It is contended by the holders that this step is in direct contravention to the provision of the Bonds, and

of the Decree authorising their issue, which, after providing for a large Sinking Fund, expressly stipulates that the redemption shall be by tender. This view is supported by the opinion of very eminent Counsel in this country; and the Committee are using their best endeavours, in conjunction with the Council, to come to some satisfactory compromise.

4. The Council regret that the position of the Colombian Bondholders has not seen any improvement during the past year. Though the late President, Dr. Zaldua, was known to be in favour of an arrangement, his hands were completely tied by the action of his predecessor in office, Dr. R. Nunez, whose influence and that of the party following him were exercised to the utmost extent in favour of the mistaken policy of repudiation. It is hoped that Senor Otálora, who succeeded to the office of President on the death of Dr. Zaldua, will exert himself in providing the means for the restoration of the public credit.

5. In February last, a Commission was sent to Costa Rica to investigate the finances of the Republic, and the condition of the railroad there, the property of the State. The Commissioners, Sir G. Kellner, K.C.M.G., and Mr. G. Bush, made an able Report on these matters, which was extensively circulated from this Office. The Council regret, however, to report that the Congress refused their assent to the proposed agreement entered into between the late President-General Guardia and the Council on behalf of the Bondholders.

6. A movement has recently been made by the Honduras Bondholders, and a Committee has been formed to act in conjunction with the Council, in order to see if something can be done to recover some portion of the property of the unfortunate creditors of this State.

7. As mentioned in the last Report of the Council, nego-

tiations were then being carried on with the Spanish Ministry, at Madrid, with a view to an arrangement between the Government and the holders of the Spanish 3 per Cent. General Debt.

8. Mr. C. O'Leary, late H. M. Consul at Bogotá, in the United States of Colombia, was sent as Agent for the Council to Madrid, to carry on direct negotiations with the Spanish Finance Minister. Since the settlement respecting the Spanish Debt effected by the Committee of Spanish Bondholders and the Council in 1876, no circumstance of vital importance had arisen, and little necessity existed for the action of the Committee, until the time arrived for reconsidering the amount of future interest to be paid by Spain on the External Debt. The Act of the Cortes, passed in 1876, stipulated that the question should be discussed during 1882, so that a new settlement might take effect at the end of the year.

9. The proposals first made by Senor Camacho, the Spanish Financial Minister, were rejected by a General Meeting of Spanish Bondholders, held on the 17th March, 1882. Negotiations, which had been temporarily broken off, were, however, again resumed, and, after numerous Conferences, and protracted deliberations, a General Meeting of Bondholders was again convened for the 13th June, 1882, and a Resolution was there passed accepting a conversion at the rate of £43 15s. New 4 per Cent. Stock for each Old £100 3 per Cent. Stock, with a Bonus, besides, of 17s. 6d. per cent. New 4 per Cent. Stock to such holders as should convert within the limited period of two months, between the 15th June and 15th August. A Royal Decree, declaring the Spanish Debt free from taxation, was also issued. The actual conversion has been so successful, that it is officially stated that over 98 per cent. of the whole External Debt has been converted. The thanks of the Council and of the

Bondholders are due to Mr. Charles O'Leary for the exertions he made, and the ability he displayed in conducting the long and difficult negotiations in Madrid on their behalf, which ended in this result. The Report of the Spanish Bondholders' Committee, in the Appendix, will be found to contain a full narrative of the events attending this important financial transaction, and with ample details as to its terms and conditions, and as to Spanish Finance generally.

10. The Report for last year contained a full account of the mission of the Right Hon. R. Bourke to Constantinople, with a view to arrange a settlement of the Turkish Debt; and the results of these negotiations with the Government were shown in the Report, made by him to the Bondholders, dated the 10th January, 1882, and in the promulgation of the Iradé of the 8/20 December, 1881. In accordance with the terms of this Imperial Decree, a Council of Administration has been appointed to sit permanently at Constantinople, composed of representatives of the English and Continental Bondholders, to whom the control and administration of the revenues assigned to the Bondholders were entrusted. Mr. Edgar Vincent, who was appointed representative of the English, Dutch, and Belgian Bondholders, has discharged the duties entrusted to him with great zeal and ability, and the Bondholders are indebted to him for an able Report on the administration, by the Council at Constantinople, of the revenues assigned to the service of the Public Debt by the Decree of the 8/20 December, 1881.

11. The registration of Turkish Bonds under the Decree was opened here on the 31st May, 1882, as well as by establishments in Amsterdam, Antwerp, Rome, and Constantinople, and has since proceeded regularly.

12. The coupon due 1st September last, at the rate of 1 per cent. per annum for eight months, has been paid by the

various Agents, on the registered Bonds. The dividend on Bonds not registered was also paid subject to the Bonds being impressed with the following stamp :—

“Bond, subject (soumis) to the provisions of the Imperial Decree of 8/20 December, 1881, and to the decisions to be hereafter taken by the Council of Administration of the Ottoman Public Debt for conversion.”

13. This stamp binds Bondholders, who have not registered, to a conversion on terms to be hereafter fixed by the Council of Administration at Constantinople.

14. It is anticipated that these terms will shortly be made known.

15. The political events in Egypt, which during the whole of 1882 were of so unusual and startling a character, necessarily gave rise to great uneasiness amongst those who had looked with confidence to the steady fulfilment of the public engagements of the Government to its creditors, under the last arrangements respecting the Egyptian Debt, including that of the Daïra.

16. It is satisfactory to find that these engagements have been fulfilled. The Council have been favoured, through the courtesy of Major-General Sir Frederick Goldsmid, C.B., K.C.S.I., one of the controllers of the Daïra Sanieh, with a summary of the Report, which, in ordinary circumstances, would have been made by the Controllers to the creditors of the Daïra in 1882, as to the operations of 1881, the publication of which was delayed by the events above referred to. Interesting details will be found in this document.

17. The conversion of the old Venezuelan Securities under the arrangement of 1880 terminated in the course of last year. The first three Coupons on the new Bonds have



been punctually met, as the Government paid the monthly amounts, required for the service of the Debt, with great regularity.

18. A scheme was forwarded to the Council, in April last, by the Internal Bondholders, for conversion of their portion of the State Debt into Bonds of the External Debt, thus effecting an unification of the whole public debt of the State, an operation which was contemplated in the arrangement of 1880. A meeting of the Bondholders called by the Council, which was held on the 17th day of July, 1882, passed resolutions on this subject. Negotiations on this matter are pending, but in the meanwhile the Government continue to meet the service of the Debt at the rate of 3 per cent. only, and not 4 per cent., the increased rate as stipulated by the terms of the Bonds. This is to be regretted, and the efforts of the Council will be directed to procure a settlement of this question, on a basis which will be alike equitable to the Internal and External Bondholders.

19. No steps have been taken by the Virginian Legislature to restore the credit of their State, and the policy of repudiation in favour with them has been supported by the Executive Government.

20. In July last a General Meeting of Virginian Bondholders was held at the offices of the Council, and in accordance with the resolutions then adopted, steps were taken in September, by means of the registration of Bonds, and a rateable subscription by the holders, to provide a fund for providing for the expenditure of the Council and Committee of Virginian Bondholders, and to supply the means for contesting on the Bondholders' behalf, in the Supreme Court of the U.S., the recent acts of the Virginian Legislature, repudiating the State's engagements to its creditors. These efforts were successful, and a considerable sum has been

raised. Several suits commenced by Mr. W. L. Royall, on behalf of the Bondholders, have been now argued in the Supreme Courts of Virginia and of the United States, and the judgment of the latter Court is now awaited by the Council.

21. At the last General Meeting of the Corporation, a Committee was appointed to confer with the Council, as to the reversionary rights of the Members in the Assets of the Corporation, and a copy of the report of that Committee is now appended.

22. The Council regret to have to record the death, during the past year, of Mr. Henry Tudor, long one of the Members of the Council. Mr. T. W. Snagge has been elected, under the provisions of the Articles, to fill the vacancy thus caused.

23. In accordance with the provisions of the Articles of Association, Mr. T. W. Snagge, Mr. W. Trotter, Sir H. W. Tyler, M.P., and Lieut.-General J. L. Vaughan, C.B., retire from the Council by rotation, and being eligible offer themselves for re-election.

24. Messrs. Cooper, Wintle and Co., the retiring Auditors, also offer themselves for re-election.

E. P. BOUVERIE, *Chairman.*

HYDE CLARKE, *Secretary.*

6th February, 1883.

## APPENDIX TO REPORT.

### CORPORATION.

#### REPORT OF THE REVERSIONARY INTEREST COMMITTEE.

Appointed at the General Meeting of February 28th, 1882.

W. H. Bishop, Esq., *Chair-*  
*man.*

L. J. Baker, Esq.

D. Castello, Esq.

J. R. MacDonald, Esq.

*Secretary.*

Hyde Clarke, Esq.

Your Committee have examined the various records of the origin and foundation of the Corporation of Foreign Bondholders, and have diligently sought to learn whether under its present constitution any distribution of assets among the proprietors can be legally made.

They have been assisted by the two firms of solicitors, Messrs. Travers Smith and Braithwaite, and Norton, Rose, Norton and Co., by whom the legal business of the Corporation has been conducted up to the present time.

A carefully prepared case was drawn up, and has been submitted to the Solicitor-General and Mr. Phipson Beale, who advise that in their opinion "no distribution" (after repayment of the capital sums subscribed with interest up

to date thereupon) "can properly be made among the Members of the Corporation without the consent of each individual Member to the whole scheme of distribution." Nevertheless they state "that the matter is not free from doubt."

The effect of this opinion appears to be either that the Constitution of the Corporation must be retained on its present basis for all time or that the present Corporation should be wound up and reconstituted, but that even in the latter event, in order to make any distribution of assets the individual assent of every member is requisite, or else the question must be raised in the liquidation before a Court of Law, with a view to its being decided whether the minority, who object to such distribution, have the power, which the Solicitor-General and Mr. Beale are of opinion they have, to prevent it.

W. H. BISHOP,

*Chairman.*

## ARGENTINE 9 % TREASURY BONDS.

### Committee of Argentine Nine per Cent. Treasury Bondholders.

The Right Hon. E. Pleydell-

Bouverie, *Chairman.*

D. Baily, Esq.

E. H. Bayley, Esq.

J. C. Bayley, Esq.

F. Bennoch, Esq.

D. B. Crawshay, Esq.

Roger Eykyn, Esq.

F. J. Horne, Esq.

General C. H. Morris, C.B.

F. H. Williams, Esq.

*Secretary.*

Hyde Clarke, Esq.

On the 10th of February, 1882, the Argentine Government issued a decree, announcing that in future the redemption of the 9 per Cent. Treasury Bonds would take

place by Drawings at par, according to Art. 2 of the Law of the 19th October, 1876, which authorises the amortization of 4 per Cent. of these bonds each quarter by tender. The contract for the loan specified repayment in 25 years by purchase, the Bonds being tendered by the holders without any limit as to the price.

For a long period these Bonds were below par, and the redemption took place regularly by tender. The credit, however, of the Argentine Government has lately advanced very much, and the price of the Bonds largely exceeded their par value. There can be no doubt that this rise was to a large extent due to the above stipulation. The Government having decided not to accept any offer above par, the Bondholders determined to oppose what they deemed to be an invasion of their rights.

On the 24th March, 1882, a General Meeting of Bondholders was held at the Cannon Street Hotel, and a Committee was appointed, with power to invite the co-operation of the Council of Foreign Bondholders.

This was done, and the Committee has since held its Meetings at the Offices of the Council.

The opinion of eminent Counsel was obtained, which stated that the Argentine Government was bound by the terms of the Law, under which the Bonds were issued, to effect their purchase by Tender.

Protests were addressed to the Argentine Government by the Committee, the National Bank of Buenos Ayres, and also by the Stock Exchange of London, and a Copy of that made by the Committee was forwarded to the Argentine Government through the British Foreign Office.

On the 21st March, 1882, subscriptions were invited by Messrs. Baring Brothers & Co. for a New Loan to the Argentine Government, entitled "the Buenos Ayres 6 per Cent. Sterling Loan for £2,049,200," bearing 6 per cent.

Interest, with an Annual Sinking Fund of 1 per cent., by drawings at par.

As the Argentine Government was deemed by the Committee not to have fulfilled its obligations to the Treasury Bondholders, opposition was made, before the Committee of the Stock Exchange, to the quotation of this New Loan, but without success.

On the 16th May, 1882, a general meeting of holders of the 9 per Cent. Bonds was convened by the Council, and held at the Councilhouse; and resolutions were passed authorising the Council and Committee to negotiate with the Argentine Government, and to appoint an agent to represent them at Buenos Ayres. An agent was accordingly appointed, who, during the past year, has endeavoured to induce the Government to settle this disputed question of the Sinking Fund in a spirit of amicable compromise.

The Committee laid before the Government, through their agent, a counter proposal, by which the Government should give two 4 per Cent. Bonds in exchange for one bearing 9 per cent., the 4 per Cent. Bonds to have an annual sinking fund of 1 per cent. by drawings at par. This scheme would at the outset have benefited the Government by a reduction of annual payment of £30,000, but they would not accept it, and nothing was known here as to their intentions until prior to the adjournment of Congress, on the 20th December last, when another new loan was announced here for £817,000 by Messrs. Morton, Rose and Co., in pursuance of laws of the Republic dated 3rd November, 1881, and 5th September, 1882.

Opposition was also made by the Committee of Bondholders to the granting a quotation of this Loan before the Committee of the Stock Exchange on the 16th January last, but again without success.

## AUSTRIA.

The Austrian Ministry have laid before the Reichsrath in Vienna a Bill with the object of effecting a taxation of all public and private securities, shares, debenture bonds, &c., with the exception of those of the State.

Two important objections are urged against this innovation. First of all as the tax would have to be paid by foreign investors in Austrian securities also, it is more than probable that foreign capital will no longer flow as abundantly as before into Austria. Indeed it is stated that, as soon as the Bill was read, a large amount of Austrian securities changed hands, passing from foreign to native holders.

The Finance Minister has replied to this objection by stating the fact that foreign investors consented to have 20 per cent. taken off the Rente at the time when Austria and Hungary came to a financial agreement in 1868, and that they will not object to 10 per cent. on all the other securities, if Austria by this means succeeds in getting rid of its deficit.

It may be remembered that, so far from foreign holders consenting to this act of the Austrian Government, the Council was moved to take action on behalf of the holders of the Anglo-Austrian Loans of 1852 and 1859, and certificates of claim were consequently issued representing the loss sustained by these holders.

For these certificates the Committee of the Stock Exchange granted a quotation, and they removed all Austrian securities from the Official List.

After exclusion for some time, an arrangement was come to by which the holders of the Certificates issued by the Council received £5 per £100 bond in compensation for their claims.

COLOMBIA, UNITED STATES OF  
(NEW GRANADA).

Colombian Committee.

The Right Hon. E. Pleydell-  
Bouverie, *Chairman.*

L. R. Lack, Esq.

Christopher Rowlands, Esq.

E. Wright, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Bankers for the  $4\frac{3}{4}\%$  Loan.*  
London and County Bank.

*Agent at Bogotá.*

His Excellency J. P. Harriss-  
Gastrell, H.B.M.'s Minister  
Resident.

During the past year no attempt whatever has been made by Colombia to restore her credit, and no propositions have been made to the Representatives of the Bondholders with a view to arrange a settlement of the  $4\frac{3}{4}$  per Cent. Debt, although the country has been at peace and the Revenue is said to be largely increasing, while no step has been taken in pursuance of the Agreement made here with the Plenipotentiary of the Government in 1881.

On the 1st of January, 1883, the number of Coupons due, and payable, amounted to thirteen, Nos. 27 to 39 inclusive, besides the balance of 1s. 9d. per cent. remaining over from Coupon No. 26 of the 1st July, 1879.

The amount of principal outstanding is £1,913,500, and the total of interest in arrear up to and including the Coupon of 1st January, 1883, is £297,070 17s. 6d., making together a grand total of £2,210,570 17s. 6d., or more than the original total of the Debt left by the conversion ten years ago.

Señor Zaldua, the new President, who assumed office on the 1st April, 1882, was reported to have evinced great anxiety to redeem his country from the stigma of being in default to the State Creditors, and Señor Miguel Samper,



the Secretary of the Treasury, is understood to have fully shared his opinions on this subject.

Their united efforts, however, were not sufficient to overcome the determined opposition of the Congress to resumption of payment on the External Debt, and it is reported that Señor Samper in consequence resigned his office. The Council regretted recently to learn of the death of Señor Zaldua, the President.

The attitude of the Colombian Congress towards the Bondholders is further shown by a Decree relating to public lands, which was passed on the 24th August, 1882. This enacts that the holders of Land Warrants under former arrangement of the Debt, who have claimed land, and have not taken possession of the land to which they are entitled by these Warrants, are ousted of their rights to the land.

The Council regret to announce also the death of Mr. A. H. Mounsey, H.B.M.'s Minister in Colombia, who had charge of the Bondholders' affairs at Bogotá in the early part of last year. Mr. Arthur Malo O'Leary, who has had temporary charge of the agency, has used his best endeavours to bring about a resumption of payment to the Bondholders, but without success. Mr. Harriss-Gastrell, who was appointed Her Majesty's Minister Resident at Bogotá last year, on the death of Mr. Mounsey, has been, with the consent of Her Majesty's Government, definitely appointed the Bondholders' Agent, and there is no doubt that no effort will be spared by him to enforce the just claims of the Bondholders on the Government.

The telegraph system in Colombia is being extended, and Bogotá is now in direct communication with Carácas, the capital of the neighbouring Republic of Venezuela.

Railway enterprise is also progressing in the Republic, various contracts for new lines having been issued by the late President, Señor Nuñez, some of which lines are in course of construction.

Gold mining also appears to be occupying the attention of capitalists, and several new mines are being worked with varied success.

## COSTA RICA.

### Seven per Cent. Costa Rica Committee.

A. G. Sandeman, Esq., *Chairman*.

The Right Hon. E. Pleydell-Bouverie, *Ex-officio*.

G. Barham, Esq.

Francis Bennoch, Esq.

E. Lennox Boyd, Esq.

U. R. Burke, Esq.

T. Cave, Esq.

James Cooper, Esq.

T. Dowling, Esq.

W. E. Duncan, Esq.

Roger Eykyn, Esq.

W. Godfrey, Esq.

R. Grant, Esq.

G. de G. Griffith, Esq., M.D.

Wm. Griffith, Esq.

G. D. Harris, Esq.

L. Harrison, Esq.

W. J. Harvey, Esq.

J. Cooke Harker, Esq.

Geo. Herring, Esq.

T. Hobday, Esq.

Saul Isaac, Esq.

G. A. King, Esq.

J. M. Louis, Esq.

J. F. Lovering, Esq.

H. Price, Esq.

A. W. Ray, Esq.

Thomas Sidney, Esq., Alderman.

H. Skynner, Esq.

C. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.

### Seven per Cent. Costa Rica Sub-Committee.

The Right Hon. E. Pleydell-Bouverie, *Ex-officio*.

G. Barham, Esq.

F. Bennoch, Esq.

U. R. Burke, Esq.

T. Cave, Esq.

W. Godfrey, Esq.

L. Harrison, Esq.

G. Herring, Esq.

S. Isaac, Esq.

J. F. Lovering, Esq.

A. W. Ray, Esq.

C. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.

## Six per Cent. Costa Rica Committee.

G. T. Rait, Esq., *Chairman*.  
 The Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 J. Cowan, Esq.  
 F. Freeman, Esq.  
 N. Levy, Esq.

J. Procter, Esq.  
 H. Staples, Esq.

*Secretary.*

Hyde Clarke, Esq.

## Joint Sub-Committee of Conference.

A. G. Sandeman, Esq., *Chairman*.  
 The Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 G. Barham, Esq.  
 F. Bennoch, Esq.  
 T. Cave, Esq.  
 F. Freeman, Esq.  
 L. Harrison, Esq.

G. Herring, Esq.  
 Saul Isaac, Esq.  
 G. T. Rait, Esq.  
 A. W. Ray, Esq.  
 H. Staples, Esq.  
 C. H. Stewart, Esq.

*Secretary.*

Hyde Clarke, Esq.

In accordance with the terms of the Agreement of the 12th of November, 1881, made between President Guardia and the Bondholders, a Special Commission was despatched by the Council of Foreign Bondholders to Costa Rica on the 17th of February, 1882, to investigate the finances of the Republic, and the condition of the railroad as far as it had been constructed.

The Special Commission consisted of Sir George Kellner, K.C.S.I., an ex-Anglo-Indian official of high standing, who was recommended by the British Government, and Mr. George Bush, a practical railway engineer, of great experience in South American Railroads. These gentlemen were accompanied by Mr. E. R. Meugens, formerly H. B. M.'s Consul in Costa Rica, as Interpreter and Secretary to the Commission.

On the arrival of the Commissioners in Costa Rica, great delay was experienced by them in seeing the President, owing to his continued illness, but they were otherwise well received.

It was found that guarantees were needed in addition to those offered by General Guardia, and for that purpose a Special Session of the Legislature was intended to be convened.

On the 18th of May a telegram was received by the Council to say that the Commissioners were on their return, and that the execution of the agreement was deferred.

On the 2nd of June a telegram was received from Mr. Keith, the Contractor, who was still in Costa Rica, informing the Council, that his contract with the Government for the completion of the line between the Rio Sucio and Port Limon had been approved.

The Commission left Costa Rica on the 15th of May, the President having promised to lay the Agreement with the Bondholders before the Grand Council of the State for its ratification, and afterwards before the Congress for its sanction.

The Commissioners arrived in England about the middle of June, and their Report, was issued to the Bondholders on the 20th July last. This Report contains an elaborate statement as to the financial condition of the Republic, as well as in respect of the Railway, the construction of which will be of such material importance to the development of the extensive resources with which the country abounds.

In the same month the news reached London of the death of President Guardia. Senor Lizano assumed the office, pending the election of a new President.

Don Prospero Fernandez was finally elected to the office of President, and delivered his first message to the Congress

on the 10th of August. In this speech no mention was made of the settlement of the Debts.

The agreement with the Bondholders was brought before the Congress in October, 1882, and referred to the Minister of Finance to report on. This Report was made, and laid before the Congress on the 19th of October, with the recommendation, that as the arrangement proposed for the settlement of the Debt was of a most onerous character for the country, in his opinion it should be rejected.

The Congress thereupon passed a Decree, which was published in the Official Gazette of Costa Rica of the 28th October, in the following terms :—

“ Legislative Power, No. 33.

“ Constitutional Congress of the Republic of Costa Rica.

“ The bases of agreement for the arrangement of the External Debt of Costa Rica, made between His Excellency General Tomas Guardia and the Right Honourable Edward Pleydell-Bouverie having been examined, and considering that the obligations under which the said project places the nation are onerous, decrees :—

“ Only Article—

“ The National Congress refuses its approval to the project of agreement referred to, without rejecting the idea of another, which may have for its object the extinguishing of the External Debt of the Republic upon equitable terms.”

Though the Council and Committee record the above with feelings of great regret, they are not without hopes that it may be followed before long by some effectual endeavour on the part of the Government to come to a favourable arrangement.

They believe such an arrangement to be both of great importance to the prosperity of Costa Rica and also for the advantage of the Bondholders.

## ECUADOR.

## Ecuadorian Committee.

Rt. Hon. E. Pleydell-Bouverie, <i>Ex-officio.</i>	Admiral of the Fleet, Sir Provo Wallis, G.C.B.
F. Bennoch, Esq.	Ed. Wright, Esq.
L. N. Bonar, Esq.	<i>Secretary.</i>
E. Haslewood, Esq.	H. Schirges, Esq.

The Council and Committee entertained hopes that during the past year some proposals for a settlement of the Debt would be made by the Government of Ecuador on the basis accepted by the Bondholders at their General Meeting held on the 20th October, 1881, but no movement has been made by the Government, and the just claims of the Bondholders are still persistently neglected.

In the early part of last year General Veintemilla retired from the office of President of the Republic, the term of six years for which he had been elected to that dignity having expired.

In April last, however, he resumed the Presidency temporarily, and was eventually appointed Dictator for a further period of two years.

Frequent attempts at revolution, principally near the Colombian frontier, have taken place in Ecuador, which though ultimately suppressed by the existing Government cause a drain on the Treasury, and render the country insecure. This without doubt prevents the introduction of foreign capital into Ecuador, and not only retards materially the development of the resources of the country, but greatly lessens the probability of proposals being made for a settlement of the External Debt.

The Cocoa crop for 1882 is reported to amount to 200,000 quintals, against 210,000 quintals for 1881. The prospects of the crop for 1883 are reported to be good.

Tenders have been invited by the Executive for the construction of a new hospital at Guayaquil, and also for waterworks there. The hospital is to be paid for by a new tax on all imports and exports, of 5 cents per cubic foot.

A contract for the construction of the Railroad from Guayaquil to Quito, submitted by a New York Syndicate, is said to have been accepted by the Government, and the surveys were intended to be commenced immediately, but details of the project have not yet reached the Committee.

It is reported from New York that the revolutionary movements, by which the country has been disturbed, have resulted in the overthrow of General Veintemilla, and the appointment of a Triumvirate composed of Señores Carbo, Montalvo, and Alfaro, in which the latter holds the position of Dictator.

## EGYPT.

The Council have again to thank the Commissioners of the Public Debt for the regularity with which they have furnished the monthly returns of the sums derived from the Revenues applicable to the service of the Unified and Preference Stocks, thereby enabling them to communicate the same to the Press, for the information of the Bondholders.

The following Tables exhibit the receipts for the year 1882 :—



RECEIPTS ON ACCOUNT OF THE UNIFIED DEBT FOR THE YEAR 1882.

1 to 31 January.	1 to 28 February.	1 to 31 March.	1 to 25 April.	26 to 30 April.	1 to 31 May.	1 to 30 June.
Piastres. Tariff. 28,573,544 29 say £293,061 19s.	P. T. 20,890,781 15 say £214,264 8s.	P. T. 10,987,127 36 say £112,688 9s.	P. T. 19,939,135 0 say £204,503 19s.	P. T. 1,297,835 32 say £13,311 2s.	P. T. 26,773,684 16 say £274,601 17s.	P. T. 18,862,949 23 say £193,466 2s.
1 to 31 July.	1 to 31 August.	1 to 30 September.	1 to 25 October.	26 to 31 October.	1 to 30 November.	1 to 31 December.
P. T. 1,056,269 08 say £10,833 10s.	P. T. 662,589 37 say £6,795 15s.	P. T. 6,350,491 19 say £65,133 4s.	P. T. 60,641,925 26 say £621,968 9s. * Less— 33,496,027 20 say £343,549	P. T. 3,550,772 02 say £36,418 3s.	P. T. 40,174,117 20 say £412,042 4s.	P. T. 44,789,263 38 say £459,377 1s.

\* This deduction was made to complete the sum necessary for the service of the Preference Stock due 15th October.



RECEIPTS ON ACCOUNT OF THE FIVE PER CENT. PREFERENCE STOCK (RAILWAYS) FOR THE YEAR 1882.

1 to 31 January.	1 to 28 February.	1 to 31 March.	1 to 14 April.	15 to 30 April.	1 to 31 May.	1 to 30 June.
Piastres. Tariff. 7,800,000 0 say £80,000	P. T. 8,775,000 0 say £90,000	P. T. 8,775,000 0 say £90,000	P. T. 2,242,500 0 say £23,000	P. T. 4,095,000 0 say £42,000	P. T. 7,800,000 0 say £80,000	P. T. 3,900,000 0 say £40,000
1 to 31 July.	1 to 31 August.	1 to 30 September.	1 to 14 October.	15 to 31 October.	1 to 30 November.	1 to 31 December.
P. T. 1,267,500 0 say £13,000	P. T. Nil.	P. T. 975,000 0 say £10,000	P. T. 6,337,500 0 say £65,000 plus P. T. 33,496,027 20 say *£343,549	P. T. 2,925,000 0 say £30,000	P. T. 9,750,000 0 say £100,000	P. T. 9,750,000 0 say £100,000

\* This sum was deducted from the Receipts of the Unified Debt to complete the amount necessary for the half-yearly service due 15th October.

During the past year Open Market purchases for the redemption of Bonds for the Unified Debt have been made to the amount of £300,000, thus reducing the capital of the Debt to £56,726,000.

### DAÏRA-SANIEH.

*Summarised Report of Council of Directors of Daïra Sanieh for the year 1881, communicated by SIR FREDERICK GOLDSMID.*

The following abstract of contents of the forthcoming published Report of the Council of Direction of the Daïra Sanieh for the year 1881, may be interesting to the Bondholders:—

Failure in the sugar crops had been anticipated, and the anticipation expressed in the Report for 1880. As before explained, the situation was one not created by the present Board, which was bound, however, to contend with its difficulties, from whatever cause arising. These were considerable and twofold. On the one hand the year's revenues were seriously affected in their most important items—sugar; for the area of cane cultivation had been limited in an abnormal degree. On the other hand, the many arrears which had accumulated from foregoing years both to debit and credit, were so imperfectly known, that the Administration could form no correct notion of their amount or importance. The usual support of the Local Government in effecting the recovery of outstanding dues was so weak as to be little more than nominal, and recourse to the slow procedure of the native Law Courts was especially to be avoided.

The Provisional Budget showed a deficit of £E.26,373. This implied that, should the anticipated results be obtained,

and the Reserve Fund together with all resources of the Daïra be made available, the Administration could meet the call of the Bondholders, provide for the requirements of the estates, discharge all admitted claims and pay Government almost the whole of its demand for taxes.

The modification of the year's accounts, effected by the definite settlement, was, upon the whole, not unfavourable, and the result was thus exhibited :—

31st March, 1882 :

Expenditure ... ..	£E.1,482,870.
Receipts ... ..	1,482,870.

The latter sum included £E.26,867 due for the then current year on Leases of Land in course of realisation.

That the crops failed to realise the precise value anticipated under each separate head is explained by the uncertainty which attends all agricultural operations. Expenditure had been fairly restricted to the Budget Estimates.

The Tabular Statement of Profit and Loss for the Taftish or area of cultivation, and Factory, shows how inferior are the results in the cultivation to those of preceding years. There is a gain of £E.125,607 (nearly £E.185,000 less than in 1880), against a loss of £E.14,445, half of which is to be set down to the one district of Fashu. Such results must be wholly attributed to the deficit in sugar crops. In Faiyoum, where cane was not cultivated, there was an increase of £E.7,000 ; and in Tanah a profit of £E.2,068 against a loss of £E.3,846 in 1880. Galinbiyeh being leased out in entirety, has been struck out from the list of districts, and its yield carried to credit in the account of the Central Administration.

The Factories gain £E.77,014, and, owing to the non-working of Maghagha and Abuxa, lose £E.3,319.

These main facts stated, the Report treats, more or less in detail, of the year's progress, under the several heads of Land Cultivation, Leases and Arrears of Leases, Irrigation, Sugar Manufacture, Transport, Sales and Purchases, Government Taxes, Administration, General Debt and Redemption, Litigation, Liquidation, and the Provisional Budget for 1882, to be tested by the definitive settlement of accounts on the 31st March next. A brief notice of each is here given :—

*Land Cultivation.*—Cereals, however inferior in crops realised to the Budget Estimate, yielded £E.82,160, or about £E.27,000 in excess of the return of 1880. The yield of sugar cane was but £E.305,454, of which £E.55,350 must be credited to canes purchased from Fellahs, whereas the previous year's produce amounted to £E.761,490. A comparative statement of crops for the last three years is annexed (A).

Except, perhaps, in respect of “beans,” the return per feddan for the principal crops are greatly inferior to the average of 1878, 1879, and 1880. Yet, upon the whole, the harvest of cereals is superior to that of 1880. The yield of wheat is 2,223 ardebs in excess, of beans 13,182, and of barley, 3,072. A decrease of 6,865 cantars in cotton is not owing simply to the bad state of the crops, but to the smaller extent of land under cultivation. The weight of the canes obtained is less by 6,379,266 cantars, or about two-thirds. Annexed is a table (B) showing the superficial extent of Daira lands. There are some 9,000 feddans less in the cultivated area, compared with the previously reported measurements.

*Leases.*—The area of land leased is but slightly changed, so that the increased revenue under this head is to be attributed exclusively to the more favourable leases obtained. The total amount in cash is £E.295,257, of which

£E.268,884 had been realised at the close of the year's accounts. A sum of £E.6,986, since recovered, reduces the proportion of arrears for the current year to within 7 per cent., and illustrates a marked improvement on previous collections.

A comparison of the leases concluded by the administration of the Daïra during the last three years shows that while there were let in 1880, 222,958 feddans, for £E.271,943, in 1881, 222,151 feddans were let for £E.295,257, and in 1882, 242,944 feddans for £E.326,581. The average by feddans rose from 122 to 133 piastres in 1881, and from 133 to 135 in 1882. A table (c) showing the relative value of land in particular districts is added.

It is not difficult to foresee that the value of leases must, with the development of agriculture, attain an average equal to its present figure in the richer and more populous centres.

The greater number of Leases are yearly, though the Administration has encouraged those which extend to two and three years; for the leaseholders' amelioration of land not only benefits himself, but the Daïra also. Encouragement has been given, moreover, to the leasing of lands for growth of sugar cane, the produce being purchased at an understood rate for conveyance to the Daïra's factories.

*Arrears of Leases.*—The recovery of arrears of leases has not been so satisfactory as the payments on the same account for the year under report. On £E.77,441, the assumed sum, only £E.39,991 were carried to credit. In some cases the existence of a debtor as well as creditor account enables the Daïra to arrive at a simple settlement; but the general question is replete with difficulty.

A note is appended regarding the Live Stock of the Daïra (D).

*Irrigation.*—The details given in the Report in the matter

of Canals and Canal clearances show that the Local Government is not, so far, disposed to favour the interests of the Daira as the relations of its administration to the State would seem to warrant. In other respects the cause of Irrigation has progressed. Important works were carried out at Erment, Motana, and Radasiyeh; and the drainage of the waters in the Bu Abou Bala Valley, referred to in the last Report, were to that extent successfully accomplished that offers had been made for the purchase, or long lease, of this estate on favourable terms.

*Sugar Manufacture.*—On this important head the English Draft Report may be literally quoted :—

“In spite of the diminution of two-thirds of the material employed, the sugar manufacture of 1881, taken as a whole, has supplied the best economical results. Canes exclusively of second year’s growth reached a state of maturity rarely known in Middle Egypt, while in saccharine matter the relatively purer juice was in like manner found to be richer. The rapidly conducted operations produced the following mean results :—

	Per cent. of the Weight of Sugar.
“ From 1st Class Sugar . . . . .	5·67
2nd „ „ . . . . .	1·81
3rd „ „ . . . . .	0·55
	<hr/>
Together . . . . .	8·05
	<hr/>
From Molasses . . . . .	2·08
	<hr/>

or an improved return of 0·71 per cent. for sugar, compared with the accounts of 1880, and of 0·45 for molasses. A Tabular Statement of products and returns of Sugar Estates for the season of 1881 is appended ” (E).

Out of 165,884 tons manufactured sugar 30,100 (or more than 18 per cent.) were obtained from purchased canes supplied by individual cultivators. Their money value is estimated at £E.26,344 against 57,933 tons brought to the Factories in 1880. It would thus appear that the private sugar plantations did not suffer in the same proportion as those of the administration, which endeavours, moreover, to encourage outsiders as much as possible to undertake this description of cultivation.

By purchasing a certain quantity of raw sugar from the "Farshut" factory, and sending it to the refinery at Minia the Council realised a profit of £E.1,784. But it is not proposed to develop this branch of industry, as the working, with the means at disposal, could not be continued except under abnormal and hardly desirable conditions.

The demand for spirits caused the Administration to have distilled some 1,100 tons of molasses, which produced 2,600 hectolitres of alcohol.

An attempt to substitute coal for cane-brash (or the refuse sugar-cane, commonly and locally called "bagane") in 1880, though unsuccessful in itself, gave indications of possible success; and accordingly negotiations on the subject were renewed by the Administration with Messrs. Carver and Co., of Alexandria. The result remains to be ascertained.

*Transport.*—A new tariff for the conveyance of sugar and alcohol has been negotiated by the Daïra with the Railway Authorities, by which the Administration has been enabled to economise its expenditure under the head of Transport, in paying lower and more equitable rates and reducing the complement of its flotilla from 102 to 61 Nile boats. The advantages of this arrangement to the Daïra are shown in a comparative statement attached to the report.



<i>Sales.</i> —Daïra's land produce realised ...	£E.97,647
Manufactures ... ..	£E.314,824
<hr/>	
Total ...	£E.412,471

A comparative table annexed to the report shows that the Estimates exceeded the actual returns only in the instances of cotton and third-class sugar. With these two exceptions, and in respect of wheat and beans, the prices obtained were, moreover, far superior to many of those in the previous year. The decrease in the value of beans is explained by the very abundant harvest.

*Purchases.*—The comparative table of purchases effected by the Daïra exhibits an increase in the cost of certain indispensable articles, and decrease in respect of others. In most cases competition is made available, and turned to good account.

*Government Taxes.*—The Government taxes in 1881 amounted to the large sum of £E.232,508, nearly a quarter of a million (or £237,253) in pounds sterling. This was £E.3,345 in excess of the demand in 1880 ; but the request for reconsideration on general grounds, as also on the self-evident plea that the sale during the past year of lands paying £E.4,799 in taxes should reduce rather than increase the total claim, did not meet with attention. A passage in the report thus refers to the case:—

“Practically, the question is of little importance, as we have to obtain Government assistance at least equal in money value to the amount contended for, in meeting the half-yearly coupon ; but the *principle* is another matter : and the true liabilities of the Daïra, in relation to the State as well as to its other debtors and creditors, should be clearly defined, that a fair judgment may be passed upon its management and control.” Without reproducing the



comparative statement of taxes exacted in 1880 and 1881 from the Daïra estates in Upper, Middle, and Lower Egypt and in Faiyoun respectively, it may be stated that roughly each feddan is taxed at about 66 piastres (13s. 6d.); and if it be borne in mind that the current value of the feddan is now only 135 piastres (27s. 6d.), the proportion of the tax to the revenue will be seen to be nearly 50 per cent. There are, moreover, minutes of proceedings of the Superior Council of the Daïra appended to the Report, showing that in newly-cultivated lands the tax exacted often exceeded the rent derived.

*Administration.*—The administrative charges in the Daïra to which allusion is made in the Report are exhibited in detail in the Appendix to that document. Others are noted in the text, but would be scarcely intelligible in a summary.

*General Debt.*—In the Report for 1880 it had been declared that the General Debt of the Daïra (inclusive of the Daïra Khassa) had been reduced to... .. £9,386,750  
The value of Bonds since redeemed amounted  
to ... .. 395,020

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The nominal therefore became ... .. £8,991,730  
or just within nine millions. More than half a million, or £503,620 have been paid since commencement of the sale of lands for redemption of debt at the close of 1880. The yearly payments, which in 1880 amounted to £E.386,100 are now only £E.361,175. Credit must, however, be given for reduction in interest, for the first coupon was met at the old rate of 5 per cent. prior to the enactment of the Law of Liquidation. Further details on financial proceedings will be found in the Report.

*Redemption by Sale of Land.*—A statement of the sales of land effected during the year both in Upper and Lower

Egypt, amounting to about 10,000 feddans, accompanies the Report. The following comments upon it may be interesting :—

“Immediately after promulgation of the Law of Liquidation, when His Excellency Riaz Pacha was President of the Council of Ministers, the unquestionably prosperous state of the country, the security afforded both to proprietors and cultivators, and the admission of Europeans to compete at auctions, contributed greatly to facilitate execution of the programme which the Daïra had laid down for selling its estates. As a matter of course, under such favourable influences the value of landed property greatly increased. On the other hand, the instability of succeeding Governments, and the revolutions which preceded and followed the events of last spring, modified the situation in a considerable degree; and the rarely found purchaser came to the auction-room little disposed to speculate or make ventures of any kind. In these circumstances the Council of the Daïra, interpreting in a wide and liberal sense its process of redemption, took into consideration the opportunities for buying up Bonds afforded by natural depression in Egyptian Stock, and estimated the profit of its sales accordingly, never losing sight of the necessity of obtaining at least a respectable value of the land sold.

“It is difficult to note the precise value to be given to each portion of land marked off for sale. But there is no reason to fear we have erred in disposing of these main sources of income. In reviewing all that has been done in this respect we find the reduction in the annual service of the General Debt of the Daïra, to be, up to this time, equal to somewhat more than £20,000, at 4 per cent., the revenue actually alienated not exceeding £12,000. In other words it may be affirmed that the redemption we have effected gives a yearly benefit of some £8,000, in reality, perhaps, an

increase of more than 50 per cent. on the profits of the lands sold.

“Certain Bondholders have expressed surprise at our efforts to redeem the Debt, and seem to think we have appeared in the light of liquidators, when we should have remained administrators. But the circumstances of redemption fully justify the act, and we are fully persuaded that by proceeding as we have begun, we rather increase than diminish the probability of paying the higher rate of percentage on the Daïra Bonds.”

*Litigation.*—It is explained that the greater number of the twenty-eight cases in litigation—representing a round sum of £E.18,000—were those in which the Daïra was plaintiff. Four suits had been gained during the year, of which the total money value was £E.4,082.42. No decision had been passed against the Daïra.

*Liquidation.*—An office had been opened for the special liquidation of Arrears. Up to £E.223,427 had been written off. The large balance of £E.1,364,909 remained for adjustment; but from these no less than £E.930,847 were to be regulated as *comptes d'ordre*: so that practically the sum would be £E.434,062, of which £E.415,370 were claimed by the Administration as due to itself.

*Provisional Budget for 1882.*—The following paragraphs referring to the Budget of 1882, are quoted in extenso:—

“The reduction of our expenditure to £E.1,302,581 was proposed in a spirit of strict economy; and in calculating our receipts at £E.1,316,311, we trusted in the good results of our labours, to obtain a clear surplus of £E.13,730. Unfortunately, it is now impossible to say how far the recent events will have affected our Administration.

“The crops have not been universally damaged, but their value even at the commencement of the year is expressive of a want of confidence and uncertainty in the market.

The grain harvest, though apparently fine, was effected under disastrous conditions, and the product could not reach Alexandria before the bombardment.

“The payment of leases, wholly suspended for more than four months, has been resumed with considerable difficulty. To all these causes of deficit must be added the war requisitions made by the rebels. The administrative measures taken by the Central Office at Cairo, and the European portion of the employés transferred to Alexandria seem to have met as satisfactorily as possible the main objects presented by the situation, and prevented extension of evil. Upon the whole it may be foreseen that the inevitable consequences of the rebellion will be less heavily felt in 1882 than in the following year : for the cane cultivation suffering in the first instance from the slowness of the Nile’s rise, failed to receive the necessary care and attention, and its present condition is such as to awaken serious uneasiness and apprehension.”

A.

## DAIRA SANIEH.

COMPARATIVE STATEMENT OF CROPS FROM 1878 TO 1881 INCLUSIVE.

	1878.		1879.		1880.		1881.	
	Feddans cultivated.	Produce.	Feddans cultivated.	Produce.	Feddans cultivated.	Produce.	Feddans cultivated.	Produce.
Wheat .. ..	22,163	Ardebs. 60,123	18,194	Ardebs. 32,898	10,927	Ardebs. 18,879	11,518	Ardebs. 21,112
Beans .. ..	25,022	62,992	18,985	51,696	16,091	27,446	18,185	40,628
Barley .. ..	10,885	28,009	10,658	16,389	6,107	8,175	6,893	11,247
Divers .. ..	8,718	15,799	7,456	12,138	7,231	7,488	7,488	12,389
Cotton .. ..	3,587	Cantars. 4,671	3,812	Cantars. 8,271	6,765	Cantars. 10,516	5,496	Cantars. 3,651
Sugar-canes ..	42,549	10,240,948	36,313	8,354,267	37,930	9,225,839	20,414	2,846,573

## B.

## DAÏRA SANIEH.

Table showing superficial area of lands :—

	Uncultivated Lands.	Superficies under Cultivation.	Farmed Leased Lands.	Lands directly cultivated by the Daira, or in partnership with others.
	Feddans.	Feddans.	Feddans.	Feddans.
Upper Egypt	50,878	297,038	147,709	131,329
Lower Egypt	95,849	79,759	74,541	5,218
Total	146,727	358,797	222,250	136,547

N.B.—The lands cultivated directly, or in partnership with others, may be partitioned as follows :—

	Feddans.
Summer cultivation of 1880—taking up the soil in 1881..	31,970
Sugar cane .. .. .	33,577
Cotton and hemp .. .. .	5,496
Wheat, beans, barley, lentils .. .. .	44,084
Pasture .. .. .	10,104
Orchards .. .. .	915

Lands taken up by causeways, canals, fallow or under plough .. 18,931

In the above statement the total superficies is increased by some 8,000 feddans on account of lands utilised the same year for double cultivation.

## C.

## DAÏRA SANIEH.

Table showing the relative value of land let in particular districts :—

Name of District.	Value of land let per feddan.		Remarks.
	Piastres.	Paras.	
Erment and Motana .. .. .	100	0	
Rodha .. .. .	265	12	
Minia .. .. .	199	17	
Samalout .. .. .	205	7	
Maghagha and Aba .. .. .	189	14	
Matai and Bain Mazar .. .. .	202	8	
Fashan .. .. .	220	27	
Saliacos .. .. .	141	10	
Biba .. .. .	181	12	
Faiyum .. .. .	100	28	
Tanah .. .. .	150	37	
Besendik .. .. .	19	19	
Aman Abar Bala .. .. .	113	24	
Hagard Mahrûk .. .. .	57	9	
Kafr Sabis .. .. .	114	24	

D.  
DAIRA SANIEH.  
Note regarding Live Stock :—

	State at the end of 1880.	Bought in 1881.	Born in 1881.	Total.	Sold in 1881.	Died in 1881.	Total.	State at the end of 1881.
Oxen, Cows and Buffaloes .. ..	6,501.	209	283	7,074	422	1,335	1,757	5,317
Donkeys .. ..	1,084	—	77	1,161	11	155	166	995
Camels .. ..	205	8	8	221	7	48	55	166
Horses and Mules ..	224	—	30	254	8	19	27	227
Sheep and Goats ..	10,248	15	3,957	14,220	2,971	706	3,677	10,543
Total .. ..	18,262	313	4,355	22,930	3,419	2,263	5,682	17,248

In the course of the year the Daira lost 1,335 head of cattle, and was forced to sell 422 unfit for work. The number of sheep and goats has not much varied, as the births made up in a great measure for the deaths and sales. Sheep-breeding has been only profitable at Erment, where it is exclusively carried on. Unfortunately, the distance of this district from Cairo is so great, that the sales are not easily effected, and the continually increasing flocks will not improbably prove a source of future embarrassment.

D.  
DAÏRA SANIEH.

TABULAR STATEMENT OF PRODUCTS AND RETURNS OF SUGAR ESTATES FOR THE SEASON OF 1881.  
SUGAR ESTATES OF UPPER EGYPT.  
PRODUCTS—RETURNS.

Name of Factory.	Amount of Canes brought in Kilog.	Amount of Juice obtained. Hectolit.	Mean density of Juice.	Amount of cooked mass per 100 kilos. Lit.	Sugar No. 1.			Sugar No. 2.		Sugar No. 3.		Total of Sugar.		Molasses.	
					Amount obtained. Kilog.	Percentage on weight of Canes.	On each Hectolitre of Juice.	Amount obtained. Kilog.	Percentage on weight of Canes.	Amount obtained. Kilog.	Percentage on weight of Canes.	Amount obtained. Kilog.	Percentage on weight of Canes.	Amount obtained. Kilog.	Percentage on weight of Canes.
Abouxa .. ..	5,524,155	27,448	1·075	5·47	251,594	4·55	9·15	80,370	1·45	13,455	0·25	345,420	6·25	114,375	2·08
Bibeh .. ..	11,179,530	61,149	1·071	7·85	630,495	5·64	10·31	229,185	2·05	48,240	0·43	907,920	8·12	270,000	2·41
Mattai .. ..	21,373,785	117,117	1·075	7·94	1,355,000	6·35	11·60	357,840	1·67	107,145	0·51	1,823,985	8·53	423,000	1·98
Minieh .. ..	19,958,130	115,968	1·075	6·52	1,037,700	5·20	8·95	311,445	1·56	118,890	0·59	1,468,035	7·35	450,000	2·25
Abou Kourgas	27,755,280	164,901	1·068	6·70	1,467,585	5·29	8·90	359,505	1·29	89,100	0·32	1,916,190	6·90	684,900	2·46
Rodah .. ..	26,187,165	144,534	1·069	6·92	1,483,515	5·66	10·26	498,375	1·90	96,500	0·37	2,078,190	7·93	628,290	2·39
Erment .. ..	35,006,860	175,321	1·074	6·85	1,893,465	5·41	10·76	638,775	1·82	249,370	0·71	2,781,810	7·94	562,500	1·60
Mottana .. ..	18,900,000	121,522	1·074	8·41	1,293,175	6·84	10·63	521,100	2·75	189,630	1·00	2,002,905	10·59	319,500	1·69
Totals & Mean	165,384,895	928,600	1·073		9,415,530	5·67		2,096,595	1·81	912,330	0·55	13,394,455	8·03	3,463,165	2·08



## GREECE.

## FIVE PER CENT. LOANS CONVERTED IN 1879.

The Seventh and Eighth Coupons of this Loan due 15th January and 15th July, 1882, have been punctually paid; and at the Sixth and Seventh drawings, held in May and November last, the sum of £30,700 was redeemed, which, added to the total of £105,600 redeemed at the previous drawings, reduces the amount of bonds outstanding to £862,700.

## GUATEMALA.

## Guatemala 1869 Committee.

General Sir George Balfour,

K.C.B., M.P., *Chairman.*

George Cavendish Taylor, Esq.,

*Deputy Chairman.*

Right Hon. E. Pleydell-

Bouverie, *Ex-officio.*

H. F. Bailey, Esq.

Dr. Behrend.

James Roberts Brown, Esq.

James Charles, Esq.

Robert Fisher, Esq.

Count de Lorres Diaz.

S. W. Willet, Esq.

Morgan Yeatman, Esq.

*Secretary.*

Hyde Clarke, Esq.

*Agents for Arrear Certificates.*

Messrs. I. Thomson, T. Bonar  
and Co.

*Agent of the Bondholders in  
Guatemala.*

His Excellency F. R. St. John,  
H.B.M. Minister Resident in  
Central America.

The promises made by President Barrios to Her Majesty's Minister at the end of 1882 were followed by an announcement to Congress that he would arrange and provide for the Foreign Debt.

In July and August 1882 he undertook a mission to the United States, with reference to the disputed boundary question between Guatemala and Mexico, the settlement of which he effected during his stay there; and for the purpose of negotiating with General Grant (chairman of the Tehuantepec Railway) a connection between the railways of Mexico and Guatemala.

He then visited Europe on private affairs, as was stated.

Negotiations had for some time been proceeding between His Excellency Senor Don Crisanto Medina, the Guatemalan Envoy to England and France, and the Committee of Guatemala Bondholders, which at length resulted in December last in an arrangement of the Debt being agreed upon, by which the outstanding 5 per cent. Bonds of 1856 and the 6 per cent. Bonds of 1869 were to be converted into a new 6 per cent. Consolidated Debt.

This arrangement having been duly drawn up between the Envoy and the Council, the latter convened a general meeting of the Bondholders for the 19th December, 1882, to consider the said arrangement. The Bondholders at that meeting agreed to accept it, and authorised the Council to take all the necessary steps for carrying it into effect, provided it should be ratified by the Congress of Guatemala.

This ratification is now awaited.

Article 6 of this arrangement provides that the Bondholders shall have an agent in Guatemala, to receive from the Government the sums requisite for the yearly service of the new Bonds, and the Council have much pleasure in stating that the Foreign Office have granted permission to Mr. F. R. St. John, Her Majesty's Minister in Guatemala, to act in that capacity, and the Bondholders' Committee have accordingly recommended that he shall be appointed.

This gentleman left England in June last, on his appointment as British Minister to Central America, and, pre-

viously to his departure, the Committee had an interview with him, and placed him in possession of the history of the Loans.

Particulars of the Budget for 1881, which are obtainable, show that the Receipts were \$7,479,718.98, and the Expenditure \$7,313,889.88, leaving a balance of \$165,829.10.

The Committee expect to receive very shortly the ratification of the arrangement.

## HONDURAS.

### Committee of Honduras Bondholders.

Right Hon. E. P.-Bouverie,  
*Chairman.*

F. McAlpine, Esq.

U. R. Burke, Esq.

G. P. Crawford, Esq.

Major-General Sir John Hamilton Cox, Bart., C.B.

Roger Eykyn, Esq.

Alfred Jaques, Esq.

W. Richardson, Esq.

T. W. Snagge, Esq.

Geo. Cavendish Taylor, Esq.

*Secretary.*

Hyde Clarke, Esq.

No proposals for a settlement of the Debt having been suggested by the Government of Honduras, the Bondholders have at length begun themselves to move in the matter; and in October last a Requisition, numerously signed, was addressed to the Council, asking their co-operation and assistance, and requesting them to form a Committee and also to despatch eventually an agent to Honduras.

The Council accordingly invited the gentlemen signing the Requisition to meet and discuss the question, and in December last a Committee was formed to act in conjunction with the Council.

This Committee has already held its preliminary Meet-

ings, and requested the Chairman of the Council to obtain the assistance of H.M.'s Minister in Central America, in support of the claims of the Bondholders.

The approximate amount of the whole External indebtedness of Honduras is shewn by the following table:—

#### THE HONDURAS DEBT.

Loans.	Outstanding Principal.	Arrear Coupons, both inclusive.	Amount, Interest Arrears	Principal and Arrears.
5% of 1867 Conversion Loan..	£78,800	1st April, 1873.	£41,370	£119,370
		1st April, 1883. (10½ years.)		
10% of 1867, issued at 80%.. 6½% of 1869, issued in Paris at 75% in Bonds of frs. 300 = £12 .. ..	900,700	1st Jan., 1873.	990,770	1,891,470
		1st July, 1883. (11 years.)		
	2,176,570	1st March, 1873.	1,523,599	3,700,169
		1st March, 1883. (10½ years.)		
10% of 1870, issued at 80 %..	2,242,500	1st Jan., 1873.	2,466,750	4,709,250
		1st July, 1883. (11 years.)		
	£5,398,570		£5,022,489	£10,420,259

The Revenues of the Republic are reported to be improving. The Budget for 1880-1881 estimates the Receipts at \$1,120,175; the Expenditure at \$972,656; leaving a balance of \$147,519.

The development of mining enterprise in Honduras appears to be increasing, and is undertaken principally by American capitalists.

The Honduras Inter-Oceanic Railway Company, which was formed in January, 1874, for the purpose of taking over and completing the Honduras Railway, and for exchanging the Bonds of the Honduras Government into Shares of the said Company, has lately been ordered to be wound up by Mr. Justice Chitty, in pursuance of a Resolution which was passed by the Shareholders of the Company.

### ITALY.

In the Report of the Council for last year reference was made to the prospectus of "the Italian Government Loan for £14,600,000," which was issued in July, 1881, by Messrs. Baring Brothers & Co., in conjunction with Messrs. C. Hambro & Sons, to effect the abolition of the forced currency.

In May, 1882, a further amount of £14,589,800 Bonds, being the second half of the Loan, was offered by the Government, through the same Agents, at an issue price of 88 per cent. Resumption of Cash Payments is expected to take place early in 1883.

### LIBERIA.

This Loan is now in its ninth year of default.

As stated in the Report for last year, the absence of a resident Representative of Great Britain in that Republic, has rendered remonstrance with Liberia for ignoring its engagements very difficult, and all attempts to obtain a settlement of the claims of the Bondholders have hitherto proved futile.

## LOUISIANA.

## Louisiana Committee.

Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 General Sir George Balfour,  
 K.C.B., M.P.  
 Francis Bennoch, Esq.  
 Louis Floersheim, Esq.  
 J. A. Hankey, Esq.  
 Fortescue Harrison, Esq.

G. I. Leon, Esq.  
 Robert Monckton, Esq.  
 J. Hume Webster, Esq.  
 R. J. Wigram, Esq.

*Secretary.*

Hyde Clarke, Esq.

Under the Debt Ordinance of the State Convention, the State Treasurer issued a notice on the 10th of July last announcing the payment of interest on the Consolidated Bonds at the rate of 2 per cent. from January 1st, 1880, to December 31st, 1881, inclusive, on the presentation and surrender of the 7 per Cent. Coupons maturing July, 1880, January 1, 1881, July 1, 1881, and January 1, 1882, without prejudicing their rights.

A suit is now pending by the State of New Hampshire against Louisiana on account of her previous indebtedness under the Bonds.

## MEXICO.

H. B. Sheridan, Esq., M.P.,  
*Chairman*.  
 F. Bennoch, Esq., *Vice-  
 Chairman*.  
 The Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 L. N. Bonar, Esq.  
 H. Guedalla, Esq.

James Corbet Irving, Esq.  
 Admiral of the Fleet Sir Provo-  
 Wallis, G.C.B.  
 Edward Wright, Esq.

*Secretary.*

W. W. Holmes, Esq.

In the Report of the Committee's proceedings in the year 1881, attention was drawn to the fact that, though no offers of a settlement of the claims of its Public Creditors had emanated from the Mexican Government during that period, it was anticipated that the financial requirements incidental to the execution of the great public works then recently inaugurated, would probably necessitate an appeal to European capitalists, and, consequently, induce steps on the part of the Executive to secure an arrangement of the Foreign Debt of the Republic.

The first half of the year 1882 passed without any event worthy of record, though rumours from time to time reached this country, that the extensive railway works entered upon in Mexico by United States capitalists were taxing the latter's resources to the utmost, and that already serious fears were entertained of their ability to carry out their contracts without the aid of European capital. And in July of that year an appeal was made to the British public on behalf of certain United States capitalists, who held a concession from the Mexican Government for the construction of the National Railway Company of Mexico, for subscriptions to the amount of £2,000,000 of capital towards the construction of that undertaking, on the security of Mortgage Debentures for the repayment of one half of which amount a transfer of assignments on the Customs Revenue of the Republic was offered. Not only were the anticipations of the Committee thus realized, the expected appeal for European capital being made, but the peculiarly national character of the work, for which it was required, was shown by the assignment of national revenues to aid in its execution—revenues be it remarked which the Republic had previously pledged to its Foreign Creditors.

The Committee therefore lost no time in warning the public that the Bonds offered them were secured on

revenues already pledged to the British Creditors of Mexico, and therefore (quite apart from the moral considerations involved in the acceptance of that which properly belonged to others,) these securities would assuredly be refused currency on the London Stock Exchange as well as on European Bourses. These opinions were communicated to the public in the terms of the following letter addressed to the morning papers, and which appeared in the *Times* of the 4th July.

#### TO THE EDITOR.

"SIR,

"I am instructed to invite you to afford the members of the Mexican Bondholders' Committee the opportunity of publicly recording their protest against the attempt of certain parties, acting as agents for the National Railway Company of Mexico, to negotiate the sale in this city of the bonds of that undertaking, purporting as they do, to convey to their holders a charge upon certain revenues already hypothecated to the English creditors of Mexico.

"In view of the high standing of the London Agents of the above Company, this Committee are bound to believe that they are in ignorance of the fact that by a Decree of the Supreme Government of Mexico, the holders of the 1851 Three per Cent. Bonds of that Republic have a first charge on all the revenues of the Republic, including of necessity the Customs' duties, and that the arrears of that charge alone amount to a sum exceeding £4,000,000.

"The responsibility of the Mexican nation for this indebtedness has never been denied by any one of their Governments, and has been acknowledged both by the Law Courts of this country and the Committee of the Stock Exchange.



"The Committee is aware that the latter body granted a settling day, and admitted to a quotation certain issues of bonds made by the Mexico and Vera Cruz Railway Company, but that of course was due solely to the fact that this latter corporation had been formed at a time when no arrears were due to the English creditors of Mexico.

"No such plea can, however, be advanced on behalf of the National Railway Company of Mexico, whose acceptance of charges upon the Mexican Customs' duties must have been made with the full knowledge of the notorious fact that on those as well as on other revenues of the Republic the English creditors of Mexico had a prior charge.

"In other words, the security of the subsidy by the Government of Mexico now offered to English investors has been already pledged to the English Mexican bondholders, and although that security has been dishonoured to the extent of four millions of arrears, it must not be forgotten that it is still held by the Bondholders.

"The price of these dishonoured bonds is now 22 per cent. in the English market; but should the same security be accepted by fresh investors, it is difficult to see what price either of such bonds would command in any European market.

"It is needless to say that a quotation in the official list of the Stock Exchange can hardly be anticipated for this new issue.

"I remain, Sir,

"Your obedient servant,

(Signed) "WM. W. HOLMES,

*"Secretary of Mexican Bondholders'*

*"Committee.*

"17, MOORGATE STREET, E.C.

*"July 4th."*

Meanwhile the Committee of the Stock Exchange were addressed on the same subject, in the subjoined letter, similar appeals being sent to the provincial Exchanges, and the principal European Bourses.

[*Copy.*]

“MEXICAN BONDHOLDERS’ COMMITTEE,  
“COUNCIL OF FOREIGN BONDHOLDERS,  
“17, MOORGATE ST., LONDON, E.C.  
“*July 5th, 1882.*

“THE SECRETARY,  
“GENERAL PURPOSES COMMITTEE,  
“STOCK EXCHANGE.

“SIR,

“I am instructed to inform you that at a Meeting of this Committee held yesterday, the following Resolution addressed to your Committee was passed:—

“‘RESOLVED:—That this Committee desires, on the grounds stated in the letter accompanying, published in yesterday’s number of the *Times*, to urge upon the General Purposes Committee of the Stock Exchange the inexpediency of a settlement being granted for the Bonds of the Mexican National Railway Company; and further requests, that in the event of application being made for such settlement in those securities, the Committee of Management of the Stock Exchange inform this Committee of the same, and afford it an opportunity of being heard in opposition to its grant.’

“Herewith I have the pleasure of handing you a copy of the letter published in the *Times*, to which reference is made.

“I remain, Sir,

“Your obedient Servant,

(Signed) “WM. W. HOLMES,  
“*Secretary.*”

Meanwhile, the Agents of the National Railway Company of Mexico were not inactive, and published legal opinions supporting their view.

Undeterred, however, by this as well as by the menace of being held personally responsible for the losses the course they were pursuing might impose on the National Mexican Railway Company; this Committee persevered, and the measure of their success may be best estimated by the statement that no settlement was ever applied for to the Committee of the Stock Exchange, the Bonds in question being virtually withdrawn from the European Market.

That this result was not obtained without some risk being incurred the following letter shows, addressed by the Solicitors of the National Railway Company of Mexico to this Committee.

[*Copy.*]

" 2, SUFFOLK LANE, CANNON STREET,

" LONDON, E.C.,

" 5th July, 1882.

" W. W. HOLMES, ESQ.,

" *Secretary,*

" MEXICAN BONDHOLDERS' COMMITTEE.

" SIR,

" We are instructed by the Mexican National Railway Company to inform you that they will hold you and your Committee responsible for any damage they may sustain by reason of the statements contained in your letter published in the money column of the *Times* of the 4th inst., respecting an issue of our clients' Bonds on this market.

" We are advised, on the highest authority, that the

Bondholders, whom you claim to represent, have no first charge, as alleged in that letter, upon all the revenues of the Republic; and we are informed that you have put forward the same allegations in times past, when the Mexican Railway, Limited, has made issue of its securities here, but that you have never succeeded in establishing the claims you put forward.

"We must ask you to send us the names of the members of the Committee on whose behalf you have written the letter we refer to.

"We are, Sir,

"Yours obediently,

(Signed) "RENSHAWS."

Not many weeks after the above incident the arrival from Mexico of a gentleman well known in connection with previous negotiations, Señor Cervantes, was announced to the committee with, it was intimated, communications of some importance.

Señor Cervantes, in the first instance, however, disclaimed any official mission, and even declined to present himself to the Committee, lest his doing so should be construed into an assumption of the office of an authorised negotiator. He expressed at the same time the pleasure it would give him to converse on the subject of the settlement with any members of the Committee, in their private capacity, who might desire to see him.

At an interview, which was then arranged between Señor Cervantes and the Chairman and Vice-Chairman of the Committee, it was stated by the former that, though at present in Europe on other business than that of the Public Debt, he had taken occasion before his departure to acquaint

himself with the present financial position of Mexico, as well as with the views of some of the most eminent members of the Administration, on the question of the settlement of the outstanding claims of the creditors of the Republic.

Señor Cervantes then explained the general position and prospects of the Mexican revenue, in terms which tallied perfectly with the public statements then in circulation respecting the rapid advance by Mexico in the development of her material resources. At the same time Señor Cervantes made it apparent that this progress, though it increased the revenue, imposed fresh burdens on the Exchequer, and that the margin which for some years to come could, by great effort, be made available for a resumption of payments to the public creditors of Mexico, must necessarily fall far short of the sum that the latter might feel to be their due. The final result of the interview was, that the members of the Committee present saw, in the reflection thus shown them of the views of the statesmen now responsible for the administration of Mexico such satisfactory indication of a serious desire to see their country resume the discharge of its external obligations, that they expressed their perfect willingness to submit such terms of possible settlement as Senor Cervantes shadowed forth to the consideration of their fellow Committeemen, and ultimately with the assent of the latter, to the Bondholders, so soon as they came before them in the shape of a positive official offer from the Mexican Administration. The interview terminated by an admission from Señor Cervantes, that though unaccredited as an Agent, he was acting with the full cognizance of a personage of the highest influence in Mexico, to whom he should communicate the purport of that interview. Finally, it was agreed that the substance of the communications which had passed should be re-

duced to writing, and, when agreed to, respectively signed by the parties to the conference.

Although it is obvious that to publish the details of the terms of settlement thus unofficially discussed would be to at once give sanction to conditions which the Chairman and Vice-Chairman carefully declared could only be considered when officially presented, it may be permissible to say, that they embraced the recognition of both the Debt and its arrears of interest (in which latter category the Coupon amount of the 1864 Debt was included), and the consolidation of the latter into a new stock, bearing the same rate of interest as the capital; on the whole of which, the payment of interest, on a gradually increasing scale would be resumed for a fixed period of six years, at the expiration of which time the arrangement would be renewed with the object of the ultimate attainment of the full 3 per cent.

Had Señor Cervantes been able to return to Mexico at such a period before the expiration of the Autumnal Session of the Mexican Congress as would have permitted legislative sanction being obtained for the adjustment of the claims of the Foreign Creditors of the Republic, it is possible that the Committee would now have been in a position to submit an offer of settlement based on such terms as the above to the Bondholders. That gentleman's health, however, retarded his journey home so much, that it became impracticable to obtain the requisite legal sanction from the Legislature for the conclusion of a Settlement before the adjournment of the Chambers in December last. The Committee is assured, however, that in the ensuing Sessions, which open in April next, the necessary legislative authority will be granted.

So soon as a definite proposal for the settlement of the Debt is received from Mexico the Committee will lose no time in convening a Public Meeting of the Bondholders for its consideration.

## MISSISSIPPI.

## Mississippi Committee.

The Right Hon. E. Pleydell- Bouverie, <i>Chairman</i> .	L. G. Moore, Esq.
E. Haslewood, Esq., <i>Vice- Chairman</i> .	Arthur Tite, Esq.
L. N. Bonar, Esq.	William Trotter, Esq.
J. Crouch, Esq.	J. T. Wood, Esq.
G. H. Hopkinson, Esq.	<i>Secretary.</i>
	Hyde Clarke, Esq.

Since the publication of the last Report no alteration has taken place in the position of this State Debt, and the exertions of the Council and Committee to obtain a settlement of the Bondholders' Claims have hitherto proved unsuccessful.

They opened direct personal communications through a very intelligent and zealous agent with some of the leading citizens of the State, who are aware of the importance to their country and its prosperity that there should be a restoration of its public credit. It was found, however, that there was little or no probability of sound views of finance prevailing among the electoral body, and there is no likelihood of an arrangement except with their assent.

## PARAGUAY.

## Paraguayan Committee.

The Right Hon. E. Pleydell- Bouverie, <i>Chairman</i> .	G. N. Strawbridge, Esq.
R. J. Browne, Esq.	S. Leith Tomkins, Esq.
George Herring, Esq.	H. Woodfall, Esq.
J. Percy Leith, Esq.	<i>Secretary.</i>
George Russell, Esq.	Hyde Clarke, Esq.

Nothing further has been done with reference to this Debt since the issue of the Council's Report for last year, as there seemed no likelihood of any settlement being made which would be of a nature satisfactory to the Bondholders.

It is reported that a Bank has been started in Asuncion by some Argentine Capitalists, and is doing a good business. Immigration continues to increase rapidly, the newcomers being for the most part Germans, and it is stated there has been a considerable increase in the Customs' Duties.

It is also reported that General Caballero has been re-elected President of the Republic, and it is hoped that under his administration further progress will be made in the development of the resources of the country, and in the growth of the public income.

Should an opportunity present itself which is likely to afford a prospect of re-opening negotiations on this subject with any chance of success, the Council and Committee will gladly avail themselves of it with a view to arrive at an equitable arrangement of the claims of the Bondholders.

## PERU.

### PISCO TO YCA RAILWAY LOAN OF 1869.

#### Pisco to Yca Committee.

Right Hon. E. P.-Bouverie,  
*Chairman.*  
 F. Campion, Esq.  
 Lieut.-Col. H. M. Le Champion.  
 R. Eykyn, Esq.

J. Leigh S. Hatton, Esq.  
 G. T. Rait, Esq.  
*Secretary.*  
 Hyde Clarke, Esq.

It will be remembered, that in February, 1880, the



Chilian Government issued a decree authorising the shipment of guano, the proceeds of which, after payment of a royalty and expenses, were to be divided between the foreign holders of Peruvian Bonds having a hypothecation over the guano deposits, and that in December, of the same year, an action (*Watson v. Cave*) was brought in the Chancery Division in England by a Peruvian Bondholder, to have the rights of the different Bondholders to the proceeds of the cargoes shipped under that decree determined, and the sums, to be paid to Messrs. Cave, Croyle, and Procter, for their services in relation to the decree, ascertained. Under that action the proceeds of the early shipments were paid into Court.

The action is still pending, and, as mentioned in the Report for 1881, it has been referred to Mr. Holl, Q.C., to determine the amounts to be paid for services. This reference has been proceeded with, but Mr. Holl has not yet made his report. The Pisco to Yca Committee are represented in this action, and application has been made to proceed with the other inquiries requisite before the decision of the Court can be taken; but this was postponed pending the reference to Mr. Holl. This action may be taken as a fair example of the delays which arise in bringing to a conclusion in the Courts of Law questions involving many different interests and numerous references and inquiries in the Chambers of the Judge, and which delays the Solicitors in charge of the proceedings are powerless to prevent.

In view of this action the Chilian Government, in February, 1881, directed by decree that all shipments should be made directly to the Chilian Minister in Europe, who appointed Messrs. Anthony Gibbs and Sons Agents to receive and sell the cargoes, an appointment confirmed by two decrees which were issued in May, 1881, which directed

that the proceeds of sales should be held in suspense pending arrangements for their distribution.

In February, 1882, the Chilian Government issued two further decrees, putting an end to the arrangements with Messrs. Anthony Gibbs and Sons, and directing the liquidation of their accounts, and the payment of the net proceeds resulting from the account sales into the Bank of England, to the order of the Peruvian Bondholders' Committee; and, as to the future directed that 1,000,000 tons of guano should be sold by public tender on certain conditions as to royalty, etc., and that the net proceeds of sale should be divided equally between the Chilian Government and the Peruvian Creditors whose Bonds were guaranteed by the guano, and whose rights and priorities should be determined by a tribunal of Arbiters to be appointed by the Creditors, or in default of such appointment within six months, then by the Government.

On the 21st of October, 1882, Mr. Procter, the Agent of the Committee of Peruvian Bondholders, at Santiago, wrote to them, stating that the tenders for loading and shipment of the 1,000,000 tons of guano had been sent in and examined impartially by the Chilian Government, who had accepted that of Monsieur Baille, at £2 19s. 10d. per ton.

Monsieur Baille's tender, which was the lowest, was made on behalf of the Compagnie Pacifique, who are represented by certain financial houses in Paris.

This Tender is estimated to leave about £5 per ton for division equally between the Chilian Government and the Bondholders.

The "Paris Bourse" states that Messrs. Dreyfus have given notice to Monsieur Baille that they have by regular contracts acquired from the Peruvian Government the right of ownership to the guano, and that they are opposed to

his exporting the guano from Peru, in defiance of the right of ownership thus acquired.

Some communications passed between the Pisco to Yca Committee and the Peruvian Committee as to carrying out these Decrees, and appointing Arbitrators, and it was decided that in view of technical difficulties in the way of the Bondholders directly making the appointment, that it would be better to suggest the name of an Arbitrator to be formally appointed by the Government; and Lord Penzance has, in accord between the two Committees, been suggested to the Government for this purpose.

The present position in regard to this appointment, and also as to the liquidation of the accounts under the previous decrees, is explained in the following Letter of the Peruvian Committee, which was recently published in the press.

“TIMES,” 15th January, 1883.

“MOORGATE STREET CHAMBERS,  
(30A, MOORGATE STREET),  
LONDON, E. C.,

*January 13th.*

“SIR,

“With reference to the letter of ‘H. M. C.’ appearing in your Money Article to-day, asking ‘Why no progress seems to be made in distributing the balance which is known to have accrued,’ I beg to inform you that the Chilian Decree of the 27th of February, 1882, directed that the Chilian Legation in France, and Messrs. Anthony Gibbs & Son should proceed to liquidate the accounts of the sales of guano which had been consigned to Messrs. Gibbs, and that the net proceeds resulting from the account sales should be

deposited with the Bank of England, to the order of this Committee, to be distributed among the Bondholders who had registered their respective bonds.

"The Committee have repeatedly applied to Messrs. Anthony Gibbs and Son that the amount now in their hand should be transferred to the Committee: but Messrs. Gibbs's reply has hitherto been that they have, as yet, no instructions to that effect from his Excellency the Chilian Minister in Paris. The Committee have made application to the Chilian Minister lately appointed to this country, that the necessary instructions may be given to Messrs. Gibbs, and they learn from him that the examination of Messrs. Gibbs's accounts is being made by the Chilian Minister in Paris.

"The Committee have also applied direct to the Chilian Government, by letter and through Mr. Procter (now in Chili on their account), both for the transfer of the money accrued, and for the approval of Lord Penzance as arbitrator; but, up to the present time, they have not been able to obtain any reply to these applications.

"I may add that these facts have been notified to all Bondholders who have applied to me, personally or by letter, and that your correspondent would also have received full information had he applied to me.

"The Committee met the Bondholders at a public meeting in June last, and a further meeting will be held in due course of the present year: but, meanwhile, all news received is immediately communicated to the Press.

"I am, Sir,

"Your obedient Servant,

(Signed)

"SYDNEY J. SMITHERS,

*Secretary."*

The Committee have since been informed that "The Peruvian Bondholders' Committee have received a telegram from Mr. Procter, to the effect that the Chilian Government have authorised His Excellency, Señor Don Alberto Blest Gana, to pay over to the Committee as soon as possible the net cash in the hands of Messrs. Anthony Gibbs and Son; and further, that the President of the Chilian Republic has intimated that the Government will accept the Arbitration of Lord Penzance in reference to the funds in the hands of Messrs. Gibbs and Son, but that, in consequence of the action of the French Company du Pacifique, it is not practicable at the present time to submit to Arbitration the question of Priorities in the distribution of future funds. Mr. Procter further states that, although the Chilian Government have ordered the loading to be suspended, they have taken every care of the Bondholders' interests."

A new action has been commenced against the Peruvian Guano Company, claiming for the Bondholders the sums which should have been appropriated to the Debt under the Peruvian Decree of January, 1879. The matter having now been thoroughly investigated and production obtained of the documents in possession of the Company, it would appear that the sums in question have not been specifically set aside or invested by the Company for the Bondholders, and the Company claim that the Peruvian Government had broken the Contract at the time when the payments became due, and that they cannot be now required to make a payment for the purposes of the Peruvian Debt to the increase of the large sums which, it is alleged, the Peruvian Government already owes to the Company.

The present condition of the Railway is thus described by Mr. Geo. Bush, an engineer well acquainted with railways in South America, and especially with this line, who

recently went out to Peru, and was requested by the Council to report on the state of the line :—

“The Railway Station at Pisco is in complete ruin; there is nothing left but the outside walls and roofs of corrugated iron which composed the engine workshops and the warehouse, the station building having entirely disappeared; all the tools, stationary engine, &c., have been removed, and there remains nothing but an American locomotive and the bodies of some cars, the wheels and axles having been removed. What rolling stock there may be in Yca, I could not ascertain; there being no train service, and the short time the steamer remained would not allow of my riding over the whole line on horseback.

“The person in charge of the Railway is an American named Cunningham; he being in Yca I could not ascertain whom he represents or who put him in possession. Mr. José Boza, the renter of the line, I ascertained was in Europe.”

## SANTO DOMINGO.

### Santo Domingo Committee.

F. Bennoch, Esq., *Chairman*.  
 Lieut.-General J. L. Vaughan,  
     C.B., *Deputy-Chairman*.  
 Right Hon. E. Pleydell-  
     Bouverie, *Ex-officio*.  
 E. Lennox Boyd, Esq.  
 Robert Bradshaw, Esq.  
 C. A. Day, Esq.  
 Capt. W. Delf.  
 Major J. C. Harris, R.E.  
 Rev. E. S. Hart.  
 H. B. Hyde, Esq.  
 W. Johnson, Esq.  
 Robert Monckton, Esq.

R. L. Morris, Esq.  
 J. G. Peckham, Esq.  
 Chas. Penruddocke, Esq.  
 C. W. Price, Esq.  
 V. D. Ray, Esq.  
 P. C. Renton, Esq.  
 W. Richardson, Esq.  
 Aug. Styles, Esq.  
 G. R. Walker, Esq.  
 Count M. G. de Wczele.  
 C. O. Wombwell, Esq.

### *Secretary.*

Hyde Clarke, Esq.

During the past year there have been indirect, unofficial communications with the Government of San Domingo, with a view to an arrangement of the external debt on an equitable basis; but no official proposal or suggestion has hitherto been received.

The country has lately been entirely at peace, and there is reason to hope that with increasing prosperity, and the need of railways and public works for its further development, steps may be taken by the Executive to restore the national credit and to provide means for carrying this laudable purpose into effect.

## SPAIN.

### General Committee of Holders of the Three per Cent. External Debt.

F. Bennoch, Esq., *Chairman*.  
 Right Hon. E. Pleydell-  
 Bouverie, *Ex-officio*.  
 Augustus B. Abraham, Esq.  
 General Sir George Balfour,  
 K.C.B., M.P.  
 W. H. Bishop, Esq.  
 Lionel N. Bonar, Esq.  
 The Right Hon. the Earl of  
 Carnwath.  
 Andrew Cassels, Esq.  
 M. Castello, Esq.  
 J. W. Chater, Esq.  
 David Clark, Esq.  
 John Collinson, Esq.  
 Chas. John Croke, Esq.  
 Geo. Dibley, Esq.  
 R. Dixon, Esq.  
 W. Duncan, Esq.

Roger Eykyn, Esq.  
 J. Figgins, Esq.  
 Henry I. Fotherby, Esq., M.D.  
 Captain T. Fuller.  
 Commissary-General R. M.  
 Gardiner.  
 James Gardner, Esq.  
 John Goddard, Esq.  
 Wm. Grain, Esq.  
 G. de G. Griffith, Esq., M.D.  
 W. Griffith, Esq.  
 Rev. W. B. Harrison.  
 Spencer Herapath, Esq.  
 Geo. Herring, Esq.  
 Rev. W. Hodgson.  
 Arthur Kimber, Esq.  
 G. I. Leon, Esq.  
 C. E. Lewis, Esq., M.P.  
 Chas. Magniac, Esq., M.P.



W. H. Mogg, Esq.  
 Rev. M. N. Nathan.  
 Parkinson Oates, Esq., M.D.  
 G. W. Obicini, Esq.  
 D. Robinson, Esq.  
 Sir Philip Rose, Bart.  
 L. M. Rothschild, Esq.  
 Christopher Rowlands, Esq.  
 Thomas Rumball, Esq., M.I.C.E.  
 Sir Charles Russell, Bart.  
 Thomas Sidney, Esq., Alderman.  
 H. Skynner, Esq.  
 H. Solomon, Esq.  
 G. N. Strawbridge, Esq.  
 C. Surgey, Esq.

W. Trotter, Esq.  
 John Vade, Esq.  
 Lt.-General J. L. Vaughan, C.B.  
 Lieut.-Col. Vickers.  
 Chas. Waring, Esq.  
 H. A. Withers, Esq.  
 J. H. Wolton, Esq.  
 Edwd. Wright, Esq.  
 Admiral of the Fleet, Sir Provo  
 Wallis, G.C.B.  
 J. Eveleigh Wyndham, Esq.

*Secretary of the Committee.*

Hyde Clarke, Esq.

## REPORT OF THE ENGLISH COMMITTEE OF SPANISH BONDHOLDERS.

This committee of English holders of Bonds of the Spanish External Debt was formed in October 1871, for the purpose of resisting the threatened imposition of a tax of 18 per cent. on Spanish dividends, the late Lord Westbury being Chairman. Under the late Lord Hampton, then Chairman of the Committee, the funding of the coupons on the 3 per cent. bonds due 30th June, and 31st December, 1873 and 30th June, 1874, then in arrear, was agreed to, in the year 1875, at the rate of 70 per cent. of their amount into 3 per Cent. External Stock at 40 per cent., and as to the remaining 30 per cent. into 5 per cent. Mortgage bonds of the Rio Tinto Company at par.

In 1876, the funding of the overdue coupons due 31st December, 1874, 30th June, and 31st December, 1875 and 1876 was negotiated, and resulted in the issue of £13,100,000 2 per Cent. bonds at par, redeemable by half-yearly draw-



ings at 50 per cent. of their par value within 15 years. The interest payable on the principal of the 3 per Cent. External debt was at the same time fixed at 1 per cent. up to the 31st December, 1881, from which period  $\frac{1}{4}$  per cent. was to be added to the coupon due 30th June, 1882; the Government of Spain undertaking to negotiate with the bondholders during the year 1882, for the further augmentation of the interest on the debt.

In 1880, Mr. Francis Bennoch was elected Chairman of Committee. Under his presidency the negotiations have taken place by which the conversion of the Spanish External Debt has been effected, although its amount has been materially reduced. The Finance Minister of Spain announced in the Cortes on the 24th of October, 1881, his desire to "establish an equilibrium in the national finances, to do away with the chronic deficits of series of years, to consolidate the floating debt and other short dated treasury obligations" (which had been unduly favoured under the 1876 arrangement) "to reduce the principal of the debt within manageable limits and to introduce extensive reforms in the incidence and collection of the national taxes."

The proposals of Señor Camacho to convert the principal of the 3% debt into 4 per cent "perpetual" Rentes at  $43\frac{3}{4}$  per cent., to bear interest at the full rate from the 1st July, 1883, were first made to and accepted by the holders of the Internal Debt.

The approximate amount of the Internal Debt thus convertible may be stated as follows:—

Pesetas 3,244,061,000 of 3% Internal Bonds.

„ 553,056,000 „ 3% Civil Corporation Inscriptions.

„ 608,307,500 „ 6% State Obligations for Railways.

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Total Ps. 5,013,732,000 represented in 3% Stock, and its

equivalent in 4% Perpetual Rentes, Pesetas 2,193,507,750, or say £87,740,310.

Proposals were next made to the holders of the 2 per Cent. Debt of 1877, of whom a majority accepted the conversion of their bonds into 4 per cent. "redeemable" Rentes, with a sinking fund of 1 per cent.

The Continental Financial Houses were understood to favour the conversion of the 3 per Cent. External Debt, and as the holders of the Floating Debt, as well as those of the short-dated 6 per Cent. Treasury Obligations had already converted their holdings into 4 per cent. "Redeemable" Rentes, the Finance Minister resolved to negotiate for the reduction of its capital amount under similar conditions to those accepted by the various other stockholders.

At this point your Committee were invited to declare their views. They had before them a task of some difficulty. A majority of the holders of the National Debt had already been detached from the mass by their acceptance of the conversion scheme of the Minister of Finance. Separate private understandings had been arrived at by the Minister with some of the Foreign Syndicates, or with certain foreign bankers, possessed of a very large interest in 3 per Cent. Stock. Your Committee had been forestalled in the measures which might have been taken for combined action, in the common interest of the holders of Spanish Bonds. Their resolve to protect your interests unsupported by external aid, or the co-operation of Continental holders of Spanish bonds, nevertheless remained firm, and any success achieved is owing to that firmness and to the assistance of the Council of Foreign Bondholders, aided by their able agent at Madrid, Mr. Charles O'Leary.

Some improvements were obtained upon the terms accepted by the holders of the Internal Debt. A contingent sinking fund has been promised, to commence in the financial

year 1883-4, but dependent upon the surplus of the budgets. The addition of  $\frac{7}{8}$  per cent. to the amount of 3 per cent. stock to be converted within a limited space of time, was secured, as well as the issue of a Royal Decree declaring the freedom of the new 4 per Cent. Bonds from Spanish taxation ; and the provision of funds for the service of the debt was entrusted to the Bank of Spain, which institution is charged with the collection of certain revenues to that end.

Arrangements for the Conversion of the Bonds of the 3 per Cent. External Debt were eventually made, after repeated conferences, which involved the personal visit of the Chairman to certain Delegates abroad. The law for this Conversion was passed by the Spanish Legislature on the 29th May, 1882, and it has been officially stated that the actual Conversion has been successful to the extent of over 98 per cent. of the whole External 3 per Cent. Debt. 4 per Cent. Perpetual Rentes, at the rate of £44 12s. 6d. for each £100 of 3 per Cent. Stock, were received by the majority of the Bondholders ; the interest upon the Stock of the new Issue, until the 30th June, 1883, is to be at the rate of  $2\frac{6}{7}$ , or £2 17s.  $1\frac{5}{7}$ d. per cent. per annum (to correspond to  $1\frac{1}{4}$  per cent. on the 3 per Cent. Stock), and after that date at the full rate of 4 per cent. per annum.

Whilst your Committee do not profess their entire satisfaction with the arrangement effected, they consider, however, that the Bondholders may derive some consolation from the thought that the sacrifice which they have made of a large proportion of their material interests, is a solid testimony of their appreciation of the patriotic efforts of a Government, desirous of reinstating the credit of Spain in the Money Markets of Europe.

It has been customary with the conclusion of an arrangement for the adjustment of the Debt, for the Committee

specially charged with that duty to cease its functions. In the present case your Committee have resolved to recommend that twelve of its members shall continue to act as an Executive Committee, under the auspices of the Council of Foreign Bondholders, for the continued protection of your interests.

The negotiations originally opened for the Conversion of the Spanish External Debt were, in their origin, hampered by previous commitments of the Minister; and, in their later stage, they were unduly hurried in consequence of political exigencies. Many of the details of the conversion are unsatisfactory. The amounts of the new Bonds have been so fixed in Spanish currency, that their reduction into English denominations of fractional amounts of pounds, shillings and pence, constitutes a very real barrier to their ready acceptance by English investors. The French exchange of fcs. 25·41 per £1 sterling, indirectly resulting from the rates fixed for the Spanish piastre in the 1851 conversion, as compared with the actual rate of francs or pesetas 25·20 per £1 sterling in the present conversion, gave an advantage to the Foreign holder, by whom  $\frac{3}{8}$  per cent. in Stock was obtained in excess of the amount receivable by those who converted their Bonds according to their sterling denomination in London. In more ways than one, the Spanish Minister has broken with the traditions of the English Market to his own disadvantage, and your Committee consider that the credit of Spain, must become thoroughly solid before the obstacles unwittingly placed by her Minister, in the way of the British investor, will be overcome, and before the new Bonds are received with favour in this country. The arrangements made between Spain and the holders of the Spanish Debt since 1834 are of historical interest, and are as follows:—

1834.—By the law of November, 1834, the principal of the

Debt, almost exclusively consisting of 5 per cent. bonds, was converted into  $66\frac{2}{3}$  "Active" 5 per cent. Bonds, bearing interest, and  $33\frac{1}{3}$  "Passive" Bonds, bearing no interest. The 22 overdue coupons of May, 1824, to November, 1834, both inclusive, amounting to 55 per cent., were converted into "Deferred" Bonds, bearing no interest, but reconvertible into Active 5 per cent. Bonds by twelve annual drawings, from May, 1838, to November, 1849.

1841.—By the Decree of January, 1841—default having taken place in May, 1837—the Coupons for the years 1837 to 1840 inclusive, amounting to 20 per cent. were converted into 3 per cent. Bonds, of which 62 Coupons were punctually paid during the period elapsed between 30th June, 1841, to December, 1872. The drawings for the Deferred Stock of 1834 were duly effected, the whole interest arrears having thereby been converted into active Bonds as stipulated in 1834, but default was made on the active Bonds.

1851.—In August, 1851, the whole debt was resettled under a law introduced by Señor Bravo Murillo, with the exception of the 3 per cent. Bonds of 1834.

The active 5 per cent. Bonds together with 50 per cent. of the Coupon arrears since 1841 were converted into new Bonds bearing interest at 1 per cent. and rising by  $\frac{1}{4}$  per cent. each second year until the full rate of 3 per cent. annual interest should be attained. This occurred on the 1st January, 1870. The 50 per cent. Coupon arrears unconverted under the law of 1851 were not supinely surrendered by the Bondholders. A Committee was formed under the presidency of the late Mr. James Capel. The conversion was effected under protest, and certificates were issued for the 50 per cent. of Coupons confiscated under the law. These certificates were admitted to quotation on the Stock Exchange, and were ultimately dealt with by

the Law of July 1867, when they were converted into 3 per cent. Bonds at the rate of £55 11s. 4d. of 3 per cent. Stock for each £100 of certificates.

In this conversion a holder of the original Debt of 1820-23 received for each £1,020 of 5 per cent. stock including the arrears of interest arranged for in 1834 and 1841, about £1,529 14s. 6d. New Deferred 3 per cent stock, and certificates issued by the Committee, £288 14s. 6d.; and the quotation of any new issues of Spanish Government stocks was interdicted by the Committee of the London Stock Exchange.

1867.—In July, 1867, the Passive Bonds not absorbed by purchases of national lands, or otherwise, were converted into 3 per cent. Bonds, at the rate of £340 Passive stock, and £95 4s. in cash, for £510 of 3 per cent. stock, and the "Committee" Certificates of 1851 were converted as above. In consequence of this satisfaction of Bondholders' interests, Spanish Bonds were readmitted to quotation on the Stock Exchange lists.

1872.—Under the arrangement of May, 1872, the 14 coupons of the 3 per cent. Consolidated Stock, from 30th June, 1872, to 31st December, 1879, should have been paid at the rate of two-thirds in cash and one-third in 5 per cent. Bonds, with 1 per cent. Sinking Fund for redemption at par; but in consequence of a change of Ministry a modification was introduced, that the 10 coupons from 31st December, 1872, forward, were to be paid, two-thirds in cash and one-third in 3 per cent. Bonds at the rate of 50 per cent. This was partially carried out in the case of the coupon due 31st December, 1872.

1875.—By the decree of January, 1875, the three coupons in arrear of the 30th June and 31st December, 1873, and 30th June, 1874, were funded, by arrangement with the Bondholders, at the rate of 30 per cent. in the Rio Tinto



Bonds of 1875, taken at par, and 175 per cent. of 3 per cent. Stock for the remaining 70 per cent.

1876.—By arrangement with the Bondholders under the law of 1876, the five coupons, 31st December, 1874, 30th June and 31st December, 1875 and 1876, were funded at par in the 2 per cent. Stock of 1877, redeemable at 50 per cent. within fifteen years. The interest on the 3 per cent. Debt was, by the same law, reduced, without compensation, to 1 per cent. for a period of five years (January 1st, 1877, to December 31st, 1881), rising  $\frac{1}{4}$  per cent. in 1882, during which year negotiations were to be resumed with the Holders for the payment of increased interest. A corresponding reduction took place in the interest of certain Internal 3 per cent. and 6 per cent. Debts.

1881.—Under the Law of 1881, Pesetas 1,800,000,000—£72,000,000—redeemable 4 per Cent. Bonds were created with a sinking fund of 1 per cent. per annum applied quarterly for the redemption of the Debt at par. The issue was undertaken by the Bank of Spain at 85 per cent., or £61,200,000 effective. The quarterly service of the Debt is secured by the direct taxes collected by the Bank of Spain. The proceeds of the issue were destined to effect a saving of about £4,000,000 per annum by withdrawing from circulation :—

1.	£14,114,000	6 %	Obligations of the Bank and Treasury at par.
2.	4,682,000	6 %	Obligations secured on the customs at par.
3.	13,067,780	6 %	Treasury Bonds at par.
4.	1,037,820	6 %	Deposit receipts to bearer at par.
5.	9,908,128	2 %	External Coupon Bonds at 52 %.
6.	19,003,552	2 %	Internal Bonds at 50 %.
7.	421,860	6 %	Shares of Public Works at 76 %.
8.	91,400	6 %	Shares of Highways of 1850 at par.
9.	296,580	6 %	Shares of Highways of 1852, 1855-6 at 80 %.
10.	5,920		Treasury Notes for material at par.
11.	340,000		Personal Debts at par.
12.	12,600,000		Floating Debt at par.

The discharge of these liabilities was calculated to require £60,884,640, or about £315,000 less than the proceeds of the above issue.

The annual existing charge on the above debts was	...	...	...	...	...	£7,724,454
and that upon the substituted redeemable debt	...	...	...	...	...	3,665,250

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thus showing a saving of ... .. 4,059,204 per annum, applicable to the extinction of the deficit, the increase of interest on the 3 per cent. Consolidated Debt, and the reform of taxation.

Only the holders of 2 per cent. External Coupon Bonds of 1877, of Highway Shares of 1852, 1855-6 of Public Works Obligations, and of Personal Claims, had the option of retaining their pre-existing bonds or claims; all other liabilities were either to be converted or paid off. A corresponding reduction was to be made in the amount of New 4 per Cent. Redeemable bonds to be issued.

1882. — The Law of 29th May, 1882, embodies the arrangement referred to in the report. (See Appendix No. 2.)

The actual condition of the Spanish Debt on the 31st of December, 1882, has not yet been ascertained, but its probable amount, on the conversion, will be as follows:—

4% Redeemable Rentes		
with 1% sinking fund		
(Privileged Debt)	...Ps. 1,800,000,000	£72,000,000
4% Internal Debt (Perpetual Rentes)	... Ps. 2,193,507,800	87,740,300
4% External Debt (Perpetual Rentes)	... Ps. 1,950,814,000	78,032,560

a corresponding deduction being made for any small amount of old Loans remaining unconverted.



In 1852 the "Budget" of the kingdom amounted to Reales 1,308,972,813 Income (say £13,778,661), and Rs.1,258,996,865 (say £13,252,598) Expenditure, of which about Rs.178,582,556 (say £1,879,816), or  $\frac{1}{7}$ th part, was applied to the service of the Debt.

In 1875-6, the Income was £26,300,148, the Expenditure, £26,259,450, of which £6,667,790 was applied to the service of the Debt.

In the current year, 1882-3, the figures stand at £31,319,809 Income, and £31,625,968 Expenditure, of which £8,920,921 stands affected to the service of the Debt.

In offering these details, your Committee have in view to supply some matter for the consideration of the English holders of the Spanish Debt. They are impressed with the conviction, that constant and consistent watchfulness is requisite, for the protection of the English holders of Foreign Stocks. Many dangers may be averted by the action of judicious foresight, and this foresight they hope to exercise, for your greater safety and protection.

The Statistics during the last few years show deficits as follows. It is to be hoped that the growth of material wealth in Spain, will place the Government in the possession, not only of increased, but also of adequate resources. The following table is taken from *The Statist* : \*—

		Actual Deficits.
" 1876-7		£508,264
" 1877-8		2,395,092
" 1878-9	Estimated Deficits.	2,939,292
" 1879-80	£634,928	3,672,424
" 1880-81	1,800,009	4,254,940

"The decrease in the Revenue of 1882-3, compared

\* November 5, 1881.

“ with that of the previous year but one, viz., 1880-1, was  
 “ £346,222 ;

1880-1 £31,666,031

1882-3 31,319,809

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£346,222

“ The gross Revenue of Spain is rather under £2 per head  
 of the population.

“       ”       ”       Italy is rather in excess of £2.

“       ”       ”       France is £3 10s.”

The Debt charge of Spain from 1 July, 1883, will be about 12s. 3d. per head of the population, or nearly one-third of the revenue.

The history of so many successive arrangements with the Bondholders is co-relative to almost as many issues, mostly of 3 per cent. Stock, at prices varying from 28½ to 31 per cent. This wasteful mode of borrowing portended financial difficulty. The Carlist risings in 1871-2 contributed to their frequent occurrence. The consolidation of the Debt had long been kept in view by the Spanish finance department and, owing to his own astute generalship, Señor Camacho has succeeded where his predecessors had failed.

The Agent of the Council of Foreign Bondholders, Mr. Charles O'Leary, in Madrid, appears by his official letters to have taken, *ab origine*, very solid ground. He held that the terms of the Bonds of the External Debt were, in a moral sense, indefeasible; and that Ministers would feel the importance of compliance therewith. They would find that in proportion to the increase of the resources of Spain, the obligation of provision for the full interest upon the Foreign Debt would become imperative. By his reasoning, the arguments of the Minister in favour of the surrender of capital or interest on their part, were refuted.

Unfortunately a scheme of compromise was more or less favoured in London. Countenanced by holders abroad, Señor Camacho found means to detach from the interest of the investor, certain speculative agents deeply interested in the Conversion. Armed with the information received from confidential correspondents, he made Mr. O'Leary aware that his scheme of a compromise, would be supported by many who looked only to the profit to be realised by means of an immediate conversion. The Resolutions adopted by the Bondholders at their meeting on the 17th March, rejecting the proposal of the Minister, disconcerted Senor Camacho, and justified the discernment of your Agent in Madrid. A warm discussion in the public press ensued, and led to the resumption of negotiations resulting in a premium of seven-eighths per cent. upon the original rate of  $43\frac{3}{4}\%$  offered upon the Bonds by the Government if converted within the limited space of two months from 15th June to 15th August; and a Royal Decree was issued declaring the External Debt free from Spanish taxation.

Mr. O'Leary's despatch of the 21st December, 1881, is given *in extenso*. Containing as this despatch does, an exact estimate of probabilities, it is most instructive as to the past and pregnant with valuable suggestions for the future. The investor of our times has a right to profit by the information secured to him by established means; and your Committee are confident, that the efficacy of an organisation, formed for the protection of his class, cannot be better illustrated, than by the publication of a document showing so clearly as this does, the intelligence which it has the power to make effective at critical moments.

FRANCIS BENNOCH,  
*Chairman of the General Committee of  
 Spanish Bondholders.*

## APPENDIX No. 1.

"No. 30.

"MADRID, *December 21, 1881.*

"HYDE CLARKE, ESQ.,  
(*Secretary of the Council of Foreign Bondholders*).

"SIR,

"The time being now near at hand when the Conference for the settlement of the Consolidated Debt is to meet, I beg, in fulfilment of a promise made in a recent letter, to review the situation such as it presents itself to me at this moment.

"With its financial aspect, such as is described by Senor Camacho, and in the official reports submitted to the Cortes, the Council is already acquainted. Assuming its correctness, and that His Excellency's anticipations as to income and expenses will be realised, the result at the end of the fiscal year 1882—3 will be as near as possible an equilibrium of accounts, the estimated surplus being only a fraction over £60,000.

"To assume all this is, I acknowledge, to assume a great deal, for there is not an instance in recent times of the Budget estimates having been verified by the event, and to mention only the present year, the deficit with which it threatens to close will not be less, and will probably be more, than four millions sterling. These ever recurring deficits are not, it is true, due so much to a deficiency of Revenue, as originally estimated, as to the reckless expansion which, by means of supplementary credits opened from time to time by Ministerial, not Legislative decrees

has been given to the expenditure. And there can be no doubt that all that is required to establish and maintain an equilibrium between income and expenses is an inflexible determination to keep within the limits of the Budget as voted by the Chambers. This we are promised by Senor Camacho.

“Granting, therefore, that a new era is about to dawn on the fiscal administration, and as I have said that Senor Camacho’s estimates will prove correct, it is clear that, with the resources at his command, the most that he can aspire to is to make the two ends meet. And it is equally clear that, if the arrangement of the Consolidated Debt about to be negotiated entails an immediate increase of payments, one of three courses must be adopted—fresh taxes must be imposed, the expenses diminished, or money borrowed.

“Now, whenever in my interviews with Senor Camacho the expediency has been discussed of limiting the proposed arrangement to a moderate and gradual augmentation of the rate of interest, His Excellency, while admitting our right to exact it, has so expressed himself as to convey the impression that the thing is practically impossible for some time to come. His contention has been that additional taxation cannot be thought of, as the burthen weighing on the country is as much as it can bear; nor can the expenditure be curtailed, estimated as it has been on the most modest scale compatible with efficiency; least of all will Senor Camacho resort to a new Loan to pay interest which, as he very properly says, would be only aggravating the situation.

“Yet, in the face of these declarations, His Excellency is about to propose the conversion of the Consolidated Debt in a manner which, however much it may eventually benefit the country—though it may well be questioned whether an arrangement which strongly resembles repudiation will

prove beneficial to Spain—will for the moment entail payments, in the shape of interest and commission, which cannot be met without recourse to one of the three fiscal expedients which, when it suits his purpose, Senor Camacho so forcibly condemns.

“ But it may be urged that considerations such as these may well be left to its promoters to deal with, and that, if Senor Camacho chooses at once to increase the interest on the Debt, it is no business of the creditors to inquire into the sources whence the money required is derived, provided it is forthcoming. The argument would be unanswerable if the proposed operation were such as to satisfy the Bondholders ; and it would certainly never occur to me to interpose obstacles in the way of any settlement merely because its fulfilment might occasion temporary embarrassments to Spain. The objection to the proposal, however, is, that whilst it will disturb the equilibrium which it is the boast of Senor Camacho to have established, it will fail to satisfy the just expectations of the Bondholders. I am arguing, it is but fair to state, on an assumption which may prove to be erroneous. Senor Camacho’s plan is not known, and may, for aught we know, be equitable and in every way acceptable. His reticence, however, points in another direction. It is not credible that if his intentions were such as to enlist the support of the Bondholders, he would shroud them in mystery at a moment when every motive impels him to inspire confidence in order to ensure the success of the conversion of the redeemable Debt now on the point of realization. Moreover, my information, principally derived from sources friendly to the Government, does not lead me to expect that his scheme for the conversion of the 3 per cent. Bonds is as favourable as is generally supposed. But even granting that the most liberal of the many versions in circulation be

the true one, and that  $1\frac{3}{4}$  per cent. be offered by way of composition, and it would imply a conversion at the rate of £43 15s. per £100, is such an offer likely to meet with acceptance? If not, and the instructions with which the Council has favoured me leave no doubt on the point, conversion as projected, or to speak correctly, as attributed to Senor Camacho cannot be entertained. The alternative would then be left of endeavouring to effect a settlement in accordance with the principle laid down in the Convention of 1876. Addressing myself as I am, to the Council of Foreign Bondholders, it would be a waste of time to dwell on the advantages of a plan which they are the first to recognise and recommend, and which is not only the most just to the creditors, but the only one which really consults the actual fiscal situation and the true interests of Spain. To judge from verbal assurances, Senor Camacho will offer no opposition to negotiation on that basis. But I should be misleading the Council were I to hold out the hope that Senor Camacho will approach the consideration of such an arrangement in a friendly mood. I fear, indeed, that his adhesion, if given at all, will be so qualified as to render an understanding very difficult, to say the least. He has said to me, and I am prepared to hear him repeat, that the sacrifices which Spain is disposed to make can be justified only on the condition that she is to derive corresponding advantages—advantages such, I presume, as his supposed scheme implies, viz. : a large and permanent reduction of capital, and an equally important limitation of the rate of interest. But, he has also told me, if the Bondholders only restrict their concession to a temporary renunciation of some of their rights, Spain must not be expected to do much more in the near future than she has done in the immediate past, meaning, of course, that another long interval of time would be allowed to pass



before another  $\frac{1}{4}$  per cent. of interest is vouchsafed to the Bondholders. And Senor Camacho will be the less disposed to meet our advances in a friendly spirit, as he has reason to believe that the Internal Bondholders will be satisfied with his own scheme. In addition to which it must be acknowledged that the Continental Press almost without exception, and even accredited English journals, have encouraged him to persevere in the line which he has traced out for himself. Indeed, he has repeatedly assured me that his policy was *prompted* by the 'spontaneous and unanimous manifestations of public opinion at home and abroad'—these are his very words.

"Such then, being the views entertained by the Spanish Government, and such the spirit which animates it, what, it may be asked, are my expectations that a satisfactory arrangement will be arrived at? I am bound to say that they are not great; at the same time I do not entirely despair of success—moderate success.

"The Spanish Government, as I have stated in former letters, is most anxious to bring about a settlement of the question; a complete settlement embracing all descriptions of Debt and of Creditors. The opportunity, Senor Camacho knows, is singularly propitious, the finances having improved sufficiently—thanks mainly to the all but certain Conversion of the Privileged Debt—to enable him to do more for the Creditors of the State than has been done since the termination of the Carlist war, and yet not quite enough to justify anything like a full resumption of payments. If this opportunity be allowed to pass, it does not require much sagacity to foresee the time when, provided the country keeps quiet, no arrangement short of a full measure of redress will be possible. This consideration may, and probably will induce Senor Camacho to travel further in the path of conciliation than is apparent on the surface,



and it is upon it that I principally found my hopes of arriving at an equitable settlement.

"One word as to the approaching negotiation, and the manner in which it is proposed to conduct it. In my last interview with Senor Camacho, I agreed, as I have had the honour to report to you, to give priority to his own plan. My acquiescence was not a matter of choice, as Senor Camacho's right to initiate the proceedings, and to determine the order of discussion, could not be questioned with any degree of propriety. Irrespective of this circumstance, it seemed to me that it would be a positive advantage to become acquainted as early as possible with his proposal. If acceptable, much trouble and all unpleasantness will have been avoided by its early treatment; and if unfavourable, the way will have been cleared for the consideration of the other plan, strengthened by the admissions which the preceding discussion will have elicited from Senor Camacho, and by the fact which will then force itself on his mind—that it affords the only ground upon which the two parties to the negotiation can meet with any prospect of coming to an understanding.

"I remain, etc.,

(Signed) "CHARLES O'LEARY."

## APPENDIX No. 2.

LAW OF 29TH MAY, 1882.

Ministry of Finance.

## LAW.

## DON ALFONSO XII.

BY THE GRACE OF GOD *constitutional King of Spain; to all to whom these presents shall come, know ye: that the Cortes have decreed and we have sanctioned the following:*

ARTICLE 1. The agreement come to between the Minister of Finance and the holders of the 3 per cent. Consolidated Internal Debt and of Railway Obligations of the State is approved; and in consequence thereof, the aforesaid Debts shall be forthwith converted into another Perpetual Debt, bearing interest at 4 per cent. per annum payable quarterly on 1st January, 1st April, 1st July and 1st October in every year.

ART. 2. The conversion or exchange shall be made in the necessary proportion in order that the 4 per cent. annual interest of the new Debt to be issued shall represent 1·75 per cent. and 3·50 per cent. respectively of the capital of the 3 per cent. Consolidated Internal Debt and Railway Obligations of the State, which the creditors will surrender as the equivalent thereof; or say giving to them a capital of 43·75 of the 4 per cent. per 100 of the 3 per cent. Consolidated, and of 87·5 of the 4 per cent. per 100 of Railway Obligations.

ART. 3. The new Debt will bear annual interest at 4 per cent., to commence from the 1st July, 1883, and for the purpose of the issue and exchange being made forthwith, the new Bonds will have attached three half-yearly coupons, due 1st July, 1882, and 1st January and 1st July, 1883, at the present rate of interest of 1·25 per cent. for the 3 per cent. Consolidated, and 2·50 for the Railway Obligations, and the succeeding quarterly coupons representing the interest fixed in Art. 1. In the event of this disposition not being able to be carried

out within the terms fixed, the coupon of 1st July, 1882, will be paid upon the present Bonds, or upon the provisional ones to be given in substitution thereof, the new Bonds then carrying only the two coupons corresponding to 1883.

ART. 4. The service of payment of interest of the 4 per cent. perpetual Debt will be entrusted to the Bank of Spain, which establishment will duly retain out of the amount collected from the direct *contributions* the sum necessary to carry out this obligation. Should the Bank cease to make the collection, the collector or collectors there may be shall, in their case, retain the necessary funds for delivery direct to the aforesaid establishment, and there shall be fixed by mutual agreement between the Minister of Finance and the Bank the sum which each collector is to retain in the event of there being several parties entrusted with the collection.

ART. 5. A fifth part at least of the surpluses that subsequent estimates may show, commencing from the estimate corresponding to 1883-1884, shall be necessarily employed in redeeming 4 per cent. Perpetual Debt, after such estimates have been liquidated.

ART. 6. A term of six months is granted, to run from the day of the promulgation of this law, for the holders of the 3 per cent. Consolidated External Debt, who may desire to do so, to ask for the conversion of their Bonds for others of the new 4 per cent. Perpetual Debt, according to the same conditions as are laid down in this Law for the Internal Debt, and in addition the following :

First. The new 4 per cent. Debt to be issued will preserve the character of an External Debt, and the interest thereon will be payable in London and in Paris half-yearly or quarterly, as may be agreed with the parties interested.

Second. The capital expressed on the present Bonds will be allowed by the State to the English holders in pounds, and to other holders in francs, by which means there is granted to them the benefit represented by the exchanges of 51 pence sterling, and 5 francs 40 centimes per hard dollar. This capital will be converted into the capital of the new 4 per cent. Debt at the rate of 43.75 per cent. in the same foreign monies, and the equivalent thereof in pesetas will be fixed at the par exchange, or say 25 pesetas 20 centimos per Pound sterling, and one peseta per franc respectively.

Third. The Bonds and Coupons at the new 4 per cent. External Debt will have their value expressed in pesetas, pounds and francs at the par exchange aforesaid.

ART. 7. All the holders of the Debts which are to be converted according to the provisions of this Law, shall subscribe on the list or document of presentation of their present Bonds a declaration, by which they shall solemnly renounce all other ulterior claim, and acknowledge themselves as satisfied of all their rights with the Bonds of the new 4 per cent. Debt to be delivered to them as the equivalent thereof in the amount fixed by this Law.

ART. 8. The extension of the issue of the 4 per cent. Debt is authorised in the sum necessary to produce the effective value represented by the cost of preparation of the new Bonds, commissions and other expenses of issue.

ART. 9. The Minister of Finance will give the necessary directions for the execution of the provisions of the present Law.

Therefore :

We command all Tribunals, Justices, Chiefs, Governors and other authorities, civil as well as military and ecclesiastical, of every class and dignity, to keep and to cause to be kept, fulfilled and executed, the present Law in all its parts.

Given at the Palace on the twenty-ninth of May, one thousand eight hundred and eighty-two.

I, THE KING.

*The Minister of Finance,*

JUAN FRANCISCO CAMACHO.

## ROYAL DECREE.

IN CONSIDERATION *of the reasons set forth by the Minister of Finance in accord with the Council of Ministers, and in fulfilment of the Law of the 29th instant :*

I DECREE AS FOLLOWS :—

ARTICLE 1. The conversion of the 3 per cent. Internal Consolidated Debt, and of the Obligations of the State for subventions to railways into another Perpetual Debt bearing 4 per cent. interest per annum, shall be forthwith proceeded with. This conversion shall be effected

by delivering, according to what is provided in Art. 2 of the said Law, an amount of 4 per cent. Perpetual Debt, equal to 43·75 per cent. of the 3 per cent. Consolidated, and to 87·50 per cent. of Railway Obligations that may be converted.

ART. 2. The Bonds of the new 4 per cent. Debt will be issued in the name of the State by the Direction General of the Debt. The series and amounts of these Bonds will be the following : Series A, of 500 pesetas ; Series B, of 2,500 pesetas ; Series C, of 5,000 pesetas ; Series D, of 12,500 pesetas ; Series E, of 25,000 pesetas ; Series F, of 50,000 pesetas. Transferable inscriptions will also be able to be issued for sums of 75,000, 125,000, 250,000, 500,000, and 1,000,000 pesetas, with the Coupons corresponding to the capital they represent, which Coupons will be paid with the same formalities as those that are fixed for Bonds to bearer.

ART. 3. The Bonds of the 4 per cent. Perpetual Internal Debt will have attached two Coupons for the half-years of 1st January and 1st July, 1883, at the annual rate of interest of 1 peseta 25 centimos per cent. for the 3 per cent. Consolidated Internal Debt ; and 2 pesetas 50 centimos for the Railway Obligations ; and the succeeding quarterly Coupons representing interest at 4 per cent. per annum. In addition to the said Bonds, the Direction of the Debt will likewise issue the necessary *residues* for the payment of the fractions resulting from the conversion, which *residues* shall give no right to the payment of interest whilst they shall not have been converted into Bonds.

ART. 4. In the conversions to be made of *residues* into Bonds, no new *residues* shall be issued ; consequently, the parties interested who present them, will take care to make them fit the value of the Bonds, because otherwise it will be understood that they relinquish in favour of the State any fractions there may be.

ART. 5. The payment of the interest of the 4 per cent. Perpetual Internal Debt, which is entrusted to the Bank of Spain, in virtue of the provisions of Art. 4 of the said Law, may be domiciled in any of the Capitals of Provinces. It may also be domiciled in the Cities of London, Paris, Brussels, Amsterdam and Lisbon, but the payment shall be made in Bills upon the Bank of Spain, to be issued by the Financial Commission or the Delegates thereof, or of the Direction General of the Debt, in virtue of the Coupons they receive. These Bills will be drawn with a term of thirty days, as is done at the present time, so that within that term the Coupons to which they relate may be examined and cancelled.

ART. 6. The presentation of the Coupons in Spain must be necessarily made in the offices of the State, and for this reason those creditors who may desire to receive the amount thereof in the provinces, must present them at the Delegations of Finance thereof, excepting those who have to collect them in Madrid, who must present them at the Direction General of the Debt. The examination and cancellation of these Coupons, which must always precede the payment thereof, shall be effected likewise by the Direction General of the Debt.

ART. 7. To combine the execution of these services with the service of the payment which is to be effected by the Bank of Spain, the Direction General of the Debt, in accord with that establishment, shall in due time determine the form and detail of the lists of presentation of Coupons and other matters that may be necessary for this object.

ART. 8. The presentation of the 3 per cent. Consolidated Internal Bonds, as also of the Railway State Obligations, for their conversion into the new 4 per cent. Perpetual Debt, may be effected at the discretion of the parties interested, at the Direction General of the Debt, at the Spanish Financial Commission abroad, Sections of London and Paris, at the Special Commissions to be established for the purpose at the Cities of Brussels, Amsterdam and Lisbon, and at the Delegations of Finance of the provinces, along with such lists as that Central Office may order ; which lists, in addition to embodying the necessary means for a safe examination, must necessarily contain the declaration provided in Art. 7 of the said Law.

ART. 9. It being directed by Art. 1 of this Decree that the conversion of the 3 per cent. Consolidated Internal Debt and Railway State Obligations shall be forthwith effected, the Direction General of the Debt will resolve what is necessary, to the end that, within the shortest possible time, the reception of the aforesaid securities shall be opened.

ART. 10. As there is not comprised in the Bonds of the new 4 per cent. Perpetual Debt the Coupon corresponding to the 3 per cent. Consolidated Internal Debt and to the Railway Obligations in the half-year of the 1st July, 1882, the presentation of these securities must be made without the aforesaid Coupon, which will be paid by the Direction General of the Debt in the same form as the previous ones have been paid, although with the increase provided by the Law of the 21st July, 1876.



ART. 11. As the manufacture of the special paper on which the Bonds of the 4 per cent. Debt are to be printed, and the printing of the same, demand a longer period of time than that which is to be employed in the conversion in question, the Direction General of the Debt will forthwith issue provisional Bonds for delivery in substitution thereof. These Bonds will be of the same series and amounts as the definitive ones, for which they will be exchanged before the maturity of the Coupon of the 1st January, 1883.

ART. 12. The immediate delivery of the Bonds being of great importance, so that the contract negotiations may be effected without difficulty, to avoid the prejudices which their interruption might occasion to the parties interested and to the public credit, the Direction General of the Debt shall direct the operations of the conversion in such a way that the least possible time shall intervene between the presentation of the convertible documents of credit and the delivery of the provisional Bonds.

ART. 13. The non-transferable inscriptions of the 3 per cent. Consolidated, and also the transferable ones, whose owners may not desire to convert them into Bonds to bearer or into inscriptions created by the last paragraph of Art. 2, will preserve their present form and denomination, and by reason of that the corresponding interest will be paid with the increase fixed by the Law of the 21st July, 1876, so long as the new 4 per cent. Perpetual Debt bears this interest, or say down to the 1st July, 1883, at which date they will be converted into other inscriptions of this same Debt, and all those which in one and the same character each Corporation possesses will be then fused into one single one. If in the meanwhile the conversion of any inscription into Bonds to bearer should be authorised, the same rules shall apply as to the conversion of the 3 per cent. Bonds. The Direction General of the Debt will adopt the proper measures so that this service may be effected with the urgency and precision which its importance demands.

ART. 14. According to what is laid down in Art. 6 of the Law, the holders of the 3 per cent. Consolidated External Debt may, during the term of six months, which shall commence to run from the date of the publication thereof in the Madrid Gazette, solicit the conversion of their Bonds for others of the new 4 per cent. Perpetual External Debt.

ART. 15. For the conversion of the 3 per cent. Consolidated External Debt, the capital expressed on the present Bonds will be

allowed in this form :—To the holders who present them in London, in pounds, and to the other holders in francs, whereby there is granted to them the benefit represented by the exchanges of 51 pence sterling, and 5·40 francs per hard dollar. This capital will be converted into the new 4 per cent. Perpetual External Debt at the rate of 43·75 per cent. in the same foreign monies, and the equivalent thereof will be fixed in pesetas at the par exchange, or say pesetas 25·20 per pound sterling, and one peseta per franc.

ART. 16. The issue of the Bonds of the 4 per cent. Perpetual External Debt will be effected by the Spanish Financial Commission abroad with the same formalities with which the present 3 per cent. Consolidated Bonds were created. The series and amounts of these Bonds will be as follows:—Series A, pesetas 1,000 ; £39 13s. 7d. ; francs, 1,000. Series B, pesetas, 2,000 ; £79 7s. 2d. ; francs, 2,000. Series C, pesetas, 4,000 ; £158 14s. 4d. ; francs, 4,000. Series D, pesetas, 6,000 ; £238 1s. 6d. ; francs, 6,000. Series E, pesetas, 12,000 ; £476 3s. ; francs, 12,000. Series F, pesetas, 24,000 ; £952 6s ; francs, 24,000.

ART. 17. The Bonds of the 4 per cent. Perpetual External Debt will carry the Coupons corresponding to the interest on the present Consolidated Debt in the half-years of 1st January and 1st July, 1833, and the succeeding quarterly Coupons representing interest at 4 per cent. per annum. The amount of the Coupons will be fixed in the three units of pesetas, pounds and francs.

ART. 18. In addition to the Bonds aforesaid, the Spanish Financial Commission abroad will issue the *residues* necessary in payment of any fractions there may be, which *residues* shall be subject to conversion into Bonds, according to the provisions laid down with respect to the *residues* of the Internal Debt in Articles 3 and 4.

ART. 19. The interest of the 4 per cent. Perpetual External Debt will be paid by the Bank of Spain in London and Paris, after presentation and cancellation of the corresponding coupons at the Spanish Financial Commission abroad. The payment may also be domiciled at the Cities of Brussels, Amsterdam and Lisbon ; but it shall be made in Bills upon the Bank of Spain, or its correspondents in London or Paris, at the discretion of the parties interested. These Bills will be issued with a term of 30 days, in order that within that term the Coupons to which they refer may be examined and cancelled.

ART. 20. The presentation of the 3 per cent. Consolidated External



Debt for conversion into 4 per cent. Debt will take place at the said Commission, or at the Delegations thereof, or of the Direction General of the Debt, which will be established for that purpose alone, in the Cities of Brussels, Amsterdam and Lisbon, along with such lists as the Direction General shall determine upon. These lists, in addition to furnishing the necessary means of talonary examination must necessarily contain the declaration subscribed by the presenter, which is mentioned in Article 7 of the said Law.

ART. 21. Creditors who desire to present for conversion in Spain the Bonds of the 3 per cent. Consolidated External Debt, can do so at the Financial Delegations of the Provinces and at the Direction General of the Debt, which Direction will give the necessary instructions for the purpose.

ART. 22. If by reason of the time which must be employed in the manufacture of the paper and in the printing of the Bonds of the new 4 per cent. Perpetual External Debt, it should not be possible to deliver them forthwith in payment of the 3 per cent. Bonds presented for conversion, the Spanish Financial Commission abroad will issue and deliver within the shortest possible time in substitution thereof, provisional Bonds of the same Series and amounts, which will be exchanged for the definitive ones before the maturity of the first coupon which they are to carry.

ART. 23. To the holders of the Consolidated External Debt who accept the conversion for the new 4 per cent. Perpetual External Debt, and solicit it by presentation of their present Bonds within the first two months of the six within which they have the power to do so, according to Art. 6. of the Law and Art. 14 of this Decree, a commission will be paid of  $\frac{7}{8}$ ths per cent. upon the nominal value of the 3 per cent. Debt which they present for conversion, such commission to be credited to the said 4 per cent. Debt.

ART. 24. The Bank of Spain shall retain out of the receipts from *contributions*, with the collection of which it is entrusted, commencing from the 1st July next, the necessary sum for the punctual payment of the interest on the 4 per cent. perpetual Internal and External Debt; and if on the 1st July, 1883, the date at which it shall begin to bear the full interest of 4 per cent. the proceeds of the *contributions* which the said Bank shall collect should not be sufficient to cover such obligation, the Minister of Finance and that establishment shall come to an agreement as to the form in which the Treasury shall provide the said Bank with the amount of the difference.

ART. 25. To cover the expenses referred to in Art. 8 of the Law, there will be issued by the Direction General of the Debt and placed by it at the disposition of the Public Treasury such Bonds of the new 4 per cent. Perpetual Debt as may be necessary, and may be ordered by the Minister of Finance.

ART. 26. To commence from the day on which the provisional and definitive Bonds of the 4 per cent. Perpetual Debt shall be put in circulation, there will be credited thereon the capital equivalent to the general rate of the conversion that it may be proper to issue in 3 per cent. Consolidated Debt according to the foregoing provisions.

Given at the Palace on the Twenty-ninth of May, One thousand eight hundred and eighty-two.

ALFONSO.

*The Minister of Finance:*

JUAN FRANCISCO CAMACHO.

## TENNESSEE.

There is but little to encourage Bondholders in the prospects of a favourable settlement of this Debt, though in May last the Tennessee Legislature took steps to institute a conversion of the Old Bonds into new ones, whereby 40 % of the State Debt would be repudiated. As the Legislature pledged itself to pay punctually the principal and interest on the New Bonds, a section of Bondholders were inclined to accept the proposal. But it was received with the utmost disfavour by the people of Tennessee, who said they wished no action to be taken with reference to the State Debt by the present Legislature.

The result, however, was a Debt Settlement Bill, which became law on the 24th June last. The terms of the compromise are as follows :—

“The Debt is funded at 60 % principal and interest, bearing interest at the rate of 3 % for two years, 4 % for

two years, 5 % for two years, and 6 % for twenty-four years.

The Bonds which, are designated 'Compromise Bonds of the State of Tennessee,' were quoted on the New York Stock Exchange."

It has since been reported (January 8th, 1883) that the Legislature has entirely repudiated the State Debt settlement, and stopped the payment of the January Coupons. The State Treasurer, Mr. Polk, is stated to have absconded, leaving a large deficit in the funds belonging to the State.

## TUNIS.

The amount of funds held by the Board of Conceded Revenues only proved sufficient to pay 10 frs. on Coupon No. 23, due 1st July, 1882, but the Coupon No. 24, due on the 1st January, 1883, has been paid in full.

## TURKEY.

Joint Commission for the Ottoman Loans of 1858 and 1862  
under the Convention of February, 1873.

The Right Hon. E. Pleydell-	H. A. Withers, Esq.
Bouverie, <i>Chairman.</i>	<i>Secretary.</i>
Francis Bennoch, Esq.	Hyde Clarke, Esq.
Roger Eykyn, Esq.	<i>Agent in Constantinople.</i>
Thomas Rumball, Esq., M.I.C.E.	Captain Stab.

The Commissioners for the 1858 and 1862 Ottoman Loans, appointed pursuant to the Convention of the 4th and 14th February, 1873, have continued to discharge their duties on behalf of the Bondholders of those Loans.

They have duly watched the execution of the arrangements, made pursuant to the late Imperial Iradé.

The first matter which engaged the attention of the Commissioners was the non-application of the Sinking Fund under the Iradé, for the redemption of the First Group or Series comprising the 1858 and 1862 Loans. The explanations the Commissioners received were that it had appeared to the Council of Administration of the Debt more advantageous to those concerned to reserve the redemption until this half-year, in order the better to secure the punctual payment of the dividends.

The necessary arrangements for the Registration of Turkish Bonds, including those of the 1858 and 1862 Preferential Loans, were duly provided for by the Council of Foreign Bondholders, and as these two Loans are chiefly held in England there appeared to be every probability of the Registration proceeding, rapidly and regularly.

The scheme of Registration did not, however, meet with favour from many persons, chiefly interested in other Turkish Loans, and hence there was considerable hesitation in proceeding under it, and holders of the 1858 and 1862 Loans have not wholly come in under its provision, but have preferred either to wait or to send their Bonds in to be stamped for future conversion.

The Registration has nevertheless proceeded so far successfully, and a large body of the Bondholders of the two Loans have availed themselves of it. The Committee of the Stock Exchange have granted a quotation to the Registered Bonds, and the dividend was duly paid at the respective agencies on such Bonds.

As the holders of 1858 and 1862 Bonds are entitled to the first participation in the benefits of redemption on ascertained conditions, it is of great importance to them not to be committed to a conversion the conditions of which

are yet unknown. The Iradé is calculated to provide within a limited period for the redemption of their existing Registered Bonds.

A project which has engaged the anxious consideration of the members of the joint Commission is that of the Tobacco Regie. Into the merits of this scheme the commissioners do not think it necessary to enter. Seeing that it is likely to be adopted by the Council of Administration of the Debt in Constantinople, they think it is requisite for the protection of the 1862 Bondholders, who are the original assignees and ultimate holders of the Tobacco revenues, that full security should be given that these revenues should revert, pursuant to the stipulations of the Iradé, to the 1862 holders, if the arrangement for the Regie under any circumstances comes to a sudden termination.

## VENEZUELA.

### Venezuelan Committees of 1865 and 1873 United.

Admiral of the Fleet, Sir	F. Obicini, Esq.
Provo Wallis, G.C.B., <i>Chairman</i> .	Lt.-General J. L. Vaughan, C.B.
Right Hon. E. Pleydell-Bouverie, <i>Ex-officio</i> .	E. Wright, Esq.
J. W. Chater, Esq.	<i>Secretary.</i>
E. Jonas, Esq.	Hyde Clarke, Esq.

### Board for the Conversion of the External Debt of Venezuela.

Right Hon. E. Pleydell-Bouverie, <i>Chairman</i> .	} Nominated on behalf of the Bondholders.
Admiral of the Fleet, Sir Provo Wallis, G.C.B.	
Ed. Wright, Esq.	

N. G. Burch, Esq., Consul for Venezuela.	}	Nominated on behalf of the State.
Edward Haslewood, Esq.		

**Trustees for the Deposit of Old Securities at the  
Bank of England.**

Lionel N. Bonar, Esq.		J. W. Chater, Esq.
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During the first half-year of 1882, the Government of Venezuela continued to pay the monthly amounts required for the service of the Debt to the Agents of the Bondholders at Carácas with regularity, and the Council were enabled to meet the third Coupon on the New Bonds of 1881, due 15th August, 1882, at maturity.

Early in April, 1882, a Committee of holders of Bonds of the Internal Debt of Venezuela in Carácas, put forward a scheme of settlement for the purpose of effecting the conversion of the Internal Debt into Bonds of the External Debt, as indicated by the Convention of January, 1880. This scheme suggested that, as legal difficulties existed in the conversion of Bonds held by certain charitable institutions in Venezuela, and by small holders of these Bonds, the nominal principal of the External Debt held in Europe should be reduced by 8 per cent., thus bringing the total of the two Debts on which interest was to be provided down to such a figure that the amounts set aside monthly by the Government under existing laws for the payment of such interest, would be sufficient to pay it at the increased rate of 4 per cent., as provided by the said Convention of January, 1880.

This proposal was approved by the Venezuelan Government, and was presented to the Council by the Minister Senor Rojas.

The Council thereupon called a Public Meeting of the Bondholders for the 17th July, 1882, at which this proposal was laid before them, and unanimously rejected.

Negotiations were then commenced between the Chairman of the Council and the Venezuelan Government, with a view to a satisfactory adjustment of this question. These negotiations are still proceeding, and pending their settlement the Government of Venezuela have continued to pay the Agents of the Bondholders at Carácas only at the old rate of 3 per cent.

As provided by the Convention of January, 1880, the remittances for the second half-year of 1882 should have been made at the rate of 4 per cent., as Coupon No. 4, due 15th February, 1883, is payable at 4 per cent.

In March, 1882, General Guzman Blanco, was re-elected President of the Republic.

The first issue of Capital for the La Guaira and Carácas Railway was made on this market in March, 1882, to the extent of £160,000. The first Coupon on the Debentures thus issued has been duly paid on the 1st September.

Gold Mining in Venezuela has attracted a great deal of attention, and several new companies have been brought out.

In the "Gaceta Oficial," dated Carácas, 30th December, 1882, the following Decree appeared :—

[TRANSLATION.]

No. .

I, Guzman Blanco, illustrious American Regenerator of Venezuela and Constitutional President of the Republic,

In anticipation of the speedy acceptance by the External Bondholders of the last propositions of the Internal Bondholders for the unification of the Internal and External Debts ; and in order that the operations necessary for that purpose and for the delivery to the parties concerned of the New Bonds, with the affirmative vote of the Federal Council, may be effected as soon as possible,



## DECREE :

ART. 1. All the Consolidated National Debt at 5 per cent. per annum in circulation in bolivars shall be called in during the first twelve days of the coming January ; and for this purpose, so soon as the holders have received their December interest, they shall leave their bonds deposited at the Board of Public Credit, to be sent to the Board for Conversion, established by the Fiscal Convention of 1880, and obtain for them at the rate of 25 bolivares 25 cents per pound sterling their equivalent in External Bonds at 4 per cent. per annum, called in Art. 1 of the said Convention, Consolidated Debt of the United States of Venezuela.

ART. 2. On deposit of the Bonds, the holders shall receive from the Board of Public Credit, for due security, corresponding receipts, showing the series, number and value of each Bond, and the folio of the register in which its issue should have been recorded. These receipts shall be to order, shall be signed by the President (of the Board of Public Credit) and Members, shall be numbered and stamped, and copies shall be retained for the Archives of the Board.\*

ART. 3. The Bonds of each holder, with a signed and sealed copy of the receipt given for them, in accordance with the preceding Article, shall at the time of deposit be placed within an envelope, which shall be stuck down and sealed, and which shall show on the outside the number of the depositor and the value of the Bonds enclosed in the packet. And so soon as this has been done with all the Debt presented, the Board of Public Credit, in association with the Ministers of Internal Affairs, Finance and Fomento, shall place in a box all the packets, and a complete copy of the partial receipts contained in them, and which shall duly set forth the names and amounts shown on the envelopes, with the total value of the Bonds contained in the packets ; and after the said box has been locked and sealed it shall be provisionally deposited in the vaults of the Bank of Carácas, in the custody of the latter.

ART. 4. On receipt of proof of the acceptance of the unification, the box so locked and sealed shall be delivered, under competent security, to a Commissioner of the Government, who, in exchange for a corresponding receipt, shall place it in the hands of the Venezuelan Consul in London, to be transferred into those of the Fiscal Agent of the Republic, who, in conjunction with the Consul shall open it in the office of the Board of Conversion, in their presence, and shall hand



over to them the Bonds, duly taking a receipt in duplicate, and sending one copy to the Minister of Public Credit.

ART. 5. Legitimate holders of the receipts given by the Board of Public Credit in the form prescribed by Art. 2, will attend personally or by attorney, to receive from the Board of Conversion the Bonds to which they are entitled in exchange for their Bonds of Consolidated National Debt, handing over for that purpose, to the latter Corporation, the receipts given them for the said Bonds by the above-mentioned Board of Public Credit of Venezuela. These receipts and the Bonds to which they relate shall be cancelled by the Board of Conversion upon delivery of their equivalent in Bonds.

ART. 6. The receipts and cancelled Bonds just mentioned, and the Old External Bonds and Coupons deposited in the Bank of England, and withdrawn from thence and cancelled to effect the unification, shall be handed over with an inventory, by the Board of Conversion, to the Fiscal Agent, and this functionary shall send them with due formality to the Ministry of Public Credit, by the Commissioner who brought the Bonds, and so soon as the said documents have been received by the said Ministry, they shall be burnt in accordance with the law.

ART. 7. The Ministry of Public Credit is entrusted with the execution of this Decree.

Signed, sealed, and countersigned in the Federal Palace of Carácas, on the 27th December, 1882. 19th year of the Law, and 94th of the Federation.

GUZMAN BLANCO.

(Countersigned) NICOLAS D. DELGADO.

*Minister of Public Credit.*

## VIRGINIA.

### Virginian Committee.

Right Hon. E. Pleydell-

Bouverie, *Ex-officio*.

Jas. B. Blarney, Esq.

Walter Chinnery, Esq.

S. Claris, Esq.

Charles Clark, Esq.

David Clark, Esq.

J. Conybeare, Esq.

John Dabbs, Esq.

Joseph Hankey Dobree, Esq.

W. Duncan, Esq.

Granville Farquhar, Esq.

C. E. Flower, Esq.  
 John Ford, Esq.  
 Commissary-General R. M.  
 Gardiner.  
 R. H. Glyn, Esq.  
 John Alers Hankey, Esq.  
 Arthur Horrigan, Esq.  
 E. Humphreys, Esq.  
 Henry Joachim, Esq.  
 Arthur Kimber, Esq.  
 Silvester L'Amy, Esq.  
 Robt. P. Laurie, Esq.  
 G. I. Leon, Esq.  
 J. L. Mieville, Esq.  
 Samuel Montagu, Esq.

D. Oppenheimer, Esq.  
 M. J. O'Shaughnessy, Esq.  
 Geo. Penson, Esq.  
 Giuseppe A. Pugno, Esq.  
 Geo. T. Rait, Esq.  
 Geo. Richardson, Esq.  
 Captain W. W. Ross.  
 C. Satterthwaite, Esq.  
 W. Trotter, Esq.  
 Geo. Yule, Esq.

*Secretary.*

Hyde Clarke, Esq.

It is with great regret that the Council have again to report that the position of the holders of the 10/40 Bonds issued in 1879, and that of the creditors of Virginia generally, at present show no material improvement on that of last year.

A General Meeting of Bondholders was held at the office of the Council on the 4th of July, last year, at which the following resolutions were passed:—

“That this Meeting authorises and requests the Committee of Virginian Bondholders, in conjunction with the Council of Foreign Bondholders, to take the necessary steps to call in the State Bonds, or the Coupons, or both, or otherwise, and issue Certificates in lieu thereof, subject to such conditions as may be agreed upon, for the purpose of protecting the interests of the Bondholders and providing the necessary funds.”

“That a Memorial be addressed to the President of the United States on behalf of the Bondholders, by the

“ Chairman, drawing his attention to the facts attending the repudiation of the solemn obligations of the State of Virginia by the Legislature of that State, and praying the assistance of the Federal Government to the Bondholders to vindicate their just claim to be reimbursed their advances.”

In accordance with the first resolution passed at the General Meeting, advertisements were issued on the 5th September last, requesting Bondholders to lodge their Bonds for registration with Messrs. Martin and Co., of 68, Lombard Street, E.C., for the purpose of raising a fund to recoup the past expenditure incurred by the Council and Committee on their behalf, and to supply the means for continuing the representation of the Bondholders in the future, and vindicating their rights before the legal tribunals of America.

The registration of Bonds remained open until the close of the year, and was taken advantage of to a considerable extent by the Bondholders.

By aid of the funds derived from the registration, the Council and Committee have been enabled to continue the suits in Richmond and New York, through their Attorney, Mr. W. L. Royall, on behalf of the Bondholders, and it has been arranged that the cases known as the two “ Coupon Killer ” cases should be argued together in the Supreme Court of the United States.

The “ Coupon Killer ” cases above mentioned refer to two Acts, the first of which came into operation on the 14th January, 1882, and enacts that the genuineness of Coupons must be proved by a jury before they are receivable as taxes. The second Act, known as “ Coupon Killer No. 2,” came into force on the 1st December last, and forbids the payment of taxes, otherwise than by gold or silver coin or notes.

Both these Acts, therefore, must be declared void, before the Coupons can find their way unobstructed into the Treasury.

On the 21st of December Mr. Royall, at the instance of the Committee, commenced the "Sinking Fund Case" in Richmond, which concerns the application of the proceeds of a railroad sale, and of a tax on certain State property, to a Sinking Fund for redeeming the Bonds, which he contended was obligatory on the State. The decision given was against the Bondholders, by a majority of the judges, but the case has since been taken to the Supreme Court of the United States, and on the 11th January the Council were informed by cable, that the Chief Justice had allowed an appeal with regard to the case.

### LIBRARY.

The contributions to the Library amounted in 1882 to about 200 works, and the Council desire to express their sense of obligation to those to whose liberal courtesy they owe the possession of many books which otherwise could not have been obtained.

These contributions have been made by the Executive Departments of Bavaria, Belgium, Canada, Colombia, Costa Rica, Egypt, France, Guatemala, Portugal, Turkey, the United States, by the States of Ohio and Virginia, and of the Colony of Victoria, as well as by the British Foreign Office.







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